

CA2ALFS
73P65
C.2

CA2 ALFS 1973P65
Proceedings of the Public Hearings on Pro-
posed Timber Development in the W 2



3 3398 00311 2363

PUBLIC HEARINGS ON
PROPOSED TIMBER DEVELOPMENTS
WHITCOURT-FOX CREEK AREA
JUNE 4,5, 1973

LIBRARY
VAULT 19

C.2

Alberta
LANDS AND FORESTS
Forest Service

Digitized by the Internet Archive
in 2026 with funding from
Legislative Assembly of Alberta - Alberta Legislature Library

S.P. 1973 - ~~5984~~
591



PROCEEDINGS
OF THE
PUBLIC HEARINGS
ON
PROPOSED TIMBER DEVELOPMENT
IN THE
WHITECOURT-FOX CREEK AREA
JUNE 4 AND 5, 1973
SPONSORED BY THE ALBERTA FOREST SERVICE



Digitized by the Internet Archive
in 2026 with funding from
University of Alberta Library

https://archive.org/details/ableg_33398003112363

MR. STEELE

This is the first of two days of public hearings by the Alberta Forest Service to hear the public views and the company views on the proposed development of the timber resources in the Whitecourt-Fox Creek area. Initially, I would like to suggest that it is a public hearing. We want you people to participate, that's why we are holding it openly and we hope that you will take an active part, at the appropriate time of course, during the hearings today and tomorrow. I would like to introduce firstly the Minister of Lands and Forests, the Honourable Dr. Allan A. Warrack and ask Dr. Warrack if he would make some comments.

DR. WARRACK

Thank you very much Mr. Chairman.

Ladies and Gentlemen-your Chairman is the Director of Forestry for the Province of Alberta, Mr. R. G. Steele.

As mentioned by Mr. Steele these are the hearings presented by the Alberta Forest Service on the possible timber disposition for the Whitecourt-Fox Creek area. It is my pleasure as the Minister of Lands and Forests, on behalf of the Government of the people of Alberta, to welcome you to this very important hearing. It is also my pleasure to introduce my friend and colleague the M.L.A. for the Whitecourt Constituency, as well as Mayerthorpe, Mr. Peter Trynchy.

I would like to comment just briefly on the nature, importance and objectives of any hearings that relate to matters of substantial public interest in Alberta, including the renewable resource management category within which forest products clearly fall. Not only today's hearings but other hearings that are being held around the Province are geared to basically do three things. First, they offer an opportunity for the proposers of development plans to clearly outline what is proposed and to present their plan for comment and suggestions from the public. Secondly, the Alberta Forest Service, as the sponsors of this hearing and as the Government agency responsible for the management of this public timber resource, will have an opportunity to publicly ask any questions, seek any confirmations and obtain any additional information beyond what is in the initial proposals so that we can be in a better position to manage these public resources in the total public interest of Alberta and, particularly, as it pertains to this area of the Province. The third basic point of any hearings that are related to resource development is extremely important and is the reason we are out in the area of the disposition that is being considered rather than having hearings, for example in Edmonton; that is to provide the best possible opportunity for the public at large—including local associations, organizations, councils and boards that would be affected—to have an understanding of what is proposed, to ask for any details and additional information that might be needed in order to appraise the impact of what is proposed on them and by so doing assist in the development of even better proposals.

There have been a number of briefs submitted in written form and their quality has impressed me. I have read all of those up to the ones that were submitted this morning for review today. I would like to in conclusion emphasize the point the Chairman made that this is a public hearing designed for all who wish to make contributions or ask questions on any point. Please do not feel bashful; do plan to participate and take advantage of this opportunity and in that way help towards the development of the best possible proposals that could come forward for the use of the resource that we have on hand. Public hearings such as this are major parts of the rather lengthy and complex process that has to be developed in order to try to make the best possible decisions in the public interests of the Province and its people.

MR. STEELE

Thank you very much Dr. Warrack. I would like to at this time introduce a few of the department staff. For the sake of women's lib I will introduce Lola Cameron on my right who is the Recording Secretary today, on my immediate right is Fred McDougall, Head of our Timber Management Branch; the Special Assistant to the Minister, Ed. Wyldman is here.

Ed would you stand up so they know who you are? Our Forest Superintendent from Whitecourt, Dick Radke, who is fairly new here and I would like him to stand up so people will know who he is. And we have, I believe, Jack Relf from the Department of Industry and Commerce, present today too, Jack.

All of these proceedings will be recorded on tape. I hope that no one has any objection to it. We want to try to ensure that we get a complete coverage of the whole proceedings. They will be printed and published and the idea of signing in at the back when you entered was so that you would get a free copy of the proceedings when they are ready to go. Lola Cameron will be taking notes to fill any gaps that might occur in the recording of the proceedings. We hope that we can get everything clear and concise and that we don't have to guess at some parts of the proceedings but we'll do our best to turn out the proceedings as soon as possible and mail them to you. So if you have not signed up at the back for a copy, would you make sure you do it before we leave today. If you are attending also at Fox Creek, please don't sign a second time.

Now I would just like to present a brief history of what preceded the hearings today. Many of you know that the Whitecourt-Fox Creek area was proposed for a pulp mill development some fifteen or sixteen years ago that did not materialize. In recent years the smaller timber in this area has been evaluated quite thoroughly by the Government, as thoroughly as we could with the information we had. We felt that in total the Province and the people of the Province could benefit from some other form of use of the timber resources in the area. Subsequently we decided that a lumber complex of some type would be much more useful to the Province and that is the way we advertised for the use of this timber. Our advertisements were placed in September of 1972 and in those advertisements, I have a copy here, it is requested that anybody interested in utilizing the timber resources in the area submit proposals to the Government by February 28 of 1973. In the advertisements we stressed that the principles that would determine what we should do with the timber resources would be; first, good forest management practices; secondly best combination of employment, revenue and wood utilization. We have a map on the far side which shows that the area was advertised as two blocks, the Whitecourt Block and the Fox Creek Block. Any proposal could be submitted on either one of the blocks, a company could submit separate proposals on each block, or a company could submit one proposal covering both the blocks. On February 28 of this year we had received five submissions. The Fox Creek Lumber Limited submitted a proposal for the Fox Creek Block alone. The Levesque Lumber (Alberta) Company submitted a proposal for the Whitecourt Block alone. The North Canadian Forest Industries Limited submitted a proposal for the Fox Creek Block alone. The Simpson Timber Company and the Weyerhaeuser Canada Limited Company submitted separate proposals for the total area. So just to make that clear, we have two submissions on the Fox Creek Block alone, one on the Whitecourt Block alone and two that cover the total area.

These submissions were reviewed by the staff of the Forest Service and where we felt that there were points that required further clarification, where we felt that there were voids that should be made public at these hearings, we contacted the various companies and asked them to supply additional information so that they would be aware of the type of information that should be made available to the public at these hearings and also to assist the Government of course in their decisions. These were not negotiations with the companies, they were requests for additional information. We received that information and we prepared brief summaries which have been distributed. If you have not received them beforehand there are copies here at the sides of the room, I think on both sides. If you don't have one perhaps somebody near the copies that are available could pass them around. Now these permit you to briefly compare the five proposals.

To outline the procedure that will be followed at the two days of hearings, we're going to ask each of the five companies first to summarize in about fifteen minutes the submissions that they have made. There will then be questions from the head table to the applicants to clarify any points we feel should be clarified for your benefit and for our

benefit. Subsequent to that, the third step will be questions to the companies from the floor from anybody in the audience through the Chairman, and I think it is only fair that, if the question is not considered reasonable, the Chairman has the right to not refer the question to one of the applicants. We hope that isn't necessary. We will then have presentations of public briefs. We have notice of six or seven to date. I am not sure whether all of them will be presented here, it's possible one or two will be presented only at Fox Creek. We'll find out when the time comes. The procedure that will be followed subsequent to the hearings so that you people know what will be happening after the hearings are over is that there will be an analysis of the proposals and the material presented at the hearing by department people. They will be thrown together and there will be an analysis and recommendations made to our Minister, Dr. Warrack. In addition to that we have an independent consultant who has reviewed the submissions on his own. He is attending the meeting, he will be developing his own recommendations to Government, so that the Government will then have two sets of recommendations so to speak from the hearings and from the submissions. The recommendations to the Minister of course will be considered by him, discussed I'm sure with many of the other Ministers and recommendations will eventually go to Executive Council for a decision or decisions. Subsequent to that there will then be the preparation of an agreement or agreements with the successful company or companies, if we proceed. That is the general procedure and I would like to call on the first company to present their proposal. I can't see the blackboard but what we did to start with was to call a spokesman for each of the five companies to the front. We drew names and the order of presentation will be Simpson Timber, Levesque Lumber, Fox Creek Lumber, Weyerhaeuser Canada and North Canadian Forest Industries and the spokesmens names together with their companies are written on the blackboard so that if you wish to refer to any one of them later on you can do so by referring to the list of names. So I would call on, I believe Mr. Reed is going to be the principal spokesman for Simpson Timber. Starr Reed.

MR. REED

Thank you Mr. Chairman, Dr. Warrack, Ladies and Gentlemen. I want to thank the lady for pulling our name out of the hat first. I'm sure there is a benefit of being first, I haven't figured out quite what it is yet. I thought perhaps we might filibuster for most of the day and take over the program but since we are limited to fifteen minutes officially, I'm not going to be able to do that.

Simpson Timber Company I'm sure is an unfamiliar name to the people of this area and I might just spend a couple of minutes identifying who we are. Simpson is a privately held, primarily family owned company, headquartered in Seattle, Washington. We've been in the forest products business for a good many years, since about 1895. During those years we have developed considerable expertise in the management of lands and the production of forest products. All of our operations have been concentrated on the West Coast of the United States principally, and in 1965 we entered into the forest products business in Saskatchewan, Canada under the name of Simpson Timber Company Limited. Our experience in Saskatchewan has been very pleasing and I think provides two key points of note:

One, that we have developed considerable experience in the management and operation in a timber type very similar to the timber in the Whitecourt-Fox Creek blocks. Secondly we've learned to really enjoy being in business in Canada, and when this opportunity was proposed by the Government of Alberta we quickly made a full effort to try to take advantage of that opportunity.

I think within the time frame, there are a number of things that I would like to talk about that I'm not going to be able to get into. I will summarize very briefly first the concepts under which we have developed our proposal. I will then call on Mr. Brocard who currently is Director of Resource Development for Simpson, formerly Woodlands Manager at our operation in Saskatchewan, and also call on Mr. Dave James who is our Vice-President of Public Affairs to give a brief presentation.

We looked at the timber as we do wherever we operate as a very important and basic resource and the management of that resource and the utilization of that resource is the name of the game. We have developed a proposal which we feel offers the best opportunity to fully utilize that resource and offer an opportunity for growth, maintaining a competitive position in the market place over the long term. We reviewed manufacturing alternatives. For example, in our Hudson Bay operation we produce all 8 foot wood, principally in studs, from white spruce and pine. The product that we have been able to develop there in this form of studs is a high quality product in high demand at the market place. The timber in this area is very comparable and certainly lends itself to this type of production. However we also felt that, with the improved technology, the development of a dimension lumber mill also offered an excellent opportunity. So our proposal combines facilities to produce both studs and random length dimension lumber. In the Government's prospectus they indicated a preference, or a high level of interest, in the production of plywood. We have in our Company been producing plywood for many years and we also are interested in plywood as a product in Canada. However our analysis of the resource, its size and utility indicated to us that plywood was less advantageous over the long term than dimension lumber. So this was why we chose that combination, dimension lumber and studs. The second preference that the Government had indicated in their prospectus was the utilization of poplar. We also have considered this and in our proposal which we'll talk about in a little more detail, there is a plan which would, within a five year period, see us put in a facility which in fact would utilize poplar.

There is another consideration which I know is of extreme importance to the people not only in this community but also at Fox Creek, and I see a number of Fox Creek promotion buttons which would indicate a pretty high level of interest. We certainly recognize the desirability and the advantages to the community to have installed permanent manufacturing facilities to increase the employment base and the social benefits that come from that. However, in attempting to achieve the objectives of best utilization, the best performance over the long pull and the ability to utilize mill residues and utilize poplar we felt that a separation of facilities would not lend itself to this kind of configuration. Therefore we have in our proposal, as you probably well know, proposed facilities to be installed at the Whitecourt area. One particular advantage of being in Whitecourt is that it would be on rail. We contemplate that most of the products would be shipped to the market place by rail. We do expect that, in the logging road development program a substantial portion of that aspect of the activity will be headquartered in the Fox Creek area. I believe that Dr. Warrack mentioned as a priority, forest management, how will the resource be managed? And this as I indicated earlier is a high priority as far as Simpson is concerned.

I would like to call on Norm Brocard at this time to talk to us very briefly about our plans for management of your resource—Norm?

MR. BROCARD

Good morning. Perhaps I should be allowed to have a couple of minutes extra in view of the fact I am a little slow on my feet today.

I'm a professional forester and logging engineer with some experience both in the United States forests and in Saskatchewan as has been mentioned. Simpson has a lot of pride in its ability to manage forest land resources. In exchange for the cutting rights to the uncommitted timber resources in this Whitecourt-Fox Creek area, the Company will use its skills, experience and capital to develop and implement a complete and sound forest management plan that will meet the objectives of sustained yield, utilize the timber to the highest practical degree and protect and enhance the timber production as well as the other related values and benefits of the total forest. Simpson will also attempt to manage this forest in cooperation with, and on an equitable and fair basis, cooperate with the other users of this forest and its related resources. In this cooperation, it is anticipated that we could be involved in a fair and equitable joint use of the roads, the exchange or purchase of surplus

logs, joint actions in forest protection, in respecting the reserve stands and the cutting rights of all vested users and also in maintaining the rights of the public for access and for the various non-destructive uses of the forest.

Now the best source of basic timber information is your own Alberta Department of Lands and Forests. The important fact in this area though is that there are 238 thousand cords of softwood allowable cut and close to 200 thousand cords of poplar allowable cut. This is a high level of harvest for the area and it is high because of the anticipated high degree of utilization. Simpson has only so far made a general reconnaissance of the total forest and a check of these allowable cut figures. We have however made a careful analysis of the kind and size of trees that will be developed in the annual harvest of this resource, and this is very important, first of all to see what the processing opportunities actually are, that is, the opportunities over and above those that are being exploited today. Secondly it's important to tailor our own manufacturing facilities to this resource. Based on this analysis of timber sizes and with our successful development of small timber stands in Saskatchewan as a guideline, we feel and we know we can successfully process and harvest these small conifers and produce a high quality of lumber product. We also know that softwood sawmill wastes and the poplar can be used to supply a viable fibre processing facility built here some time in the near future.

You can be assured that Simpson is ready and willing to assume a large share of the responsibility for management of these forests and that we will protect and increase their productive value over the next few decades. This is done through a good forest management program. Simpson has been identified with good forest management in the United States in the State of Washington, in Saskatchewan and in the California Redwood Region which I might add is one of the most sensitive areas of the world, I guess, to practice forestry in today. We have no intention of conducting ourselves differently in the Province of Alberta. Some of the items of the program of forest management would be to first of all conduct a detailed forest inventory. This is one of the most important critical tools of good forest management. Secondly to install a forest nursery and this would be in complete cooperation with the Provincial Lands and Forests people. Thirdly to enter into a detailed and careful logging development plan which would include some winter roads and some all-weather roads, depending on the terrain and the timber locations and other operating constraints. We would under the harvest program set up an extensive contractor logging operation. We have been very successful with this approach in Saskatchewan. Some of the elements involved are financial assistance to logging contractors, help with the methodology of modern logging, and we found that winter logging for instance is a welcome supplement to the income of Saskatchewan farmers. We would maintain this forest inventory information so that we know precisely what the nature of the forest is in this location and how it changes over time. We would pay attention to the regeneration both of the lands that Simpson cuts over and to those productive forest lands that are not currently stocked with trees. In general I'd like to say that we plan to manage the area with a careful husbandry and operate here as a good corporate citizen.

MR. REED

How's our time, Mr. Chairman, just about out?

MR. STEELE

It's just about out, yes.

MR. REED

Well I just want to comment specifically on the proposal for manufacturing facilities. The first phase consists of the installation of a dimension lumber mill which has a capacity of approximately 74 million board feet per year and a stud mill with a capacity of approximately 39 million board feet per year or a total of 114 million board feet utilizing softwoods. We would install the best equipment to utilize all the wood in the tree. We plan

to recover all the chipable wood in the form of chips and make that available to purchasing pulp mills. There will be some portion of the log, when we utilize it down to a 4 inch top, which is not suitable for manufacturing into a saw-wood product. That wood will be recovered and processed into either chips or as pulpwood in round form, also made available to purchasing pulpmills. The employment estimate is 350 full-time employees, 200 of those in our manufacturing facilities and 150 in the logging program. In addition we would expect there would be at least another 100 to 150 seasonal jobs depending upon how our contractors organize their work. I think that Norm mentioned and I would like to emphasize again that it is our plan to develop the logging program through the use of contractors and we will offer those contractors all possible assistance in the form of updating technology, financing to improve equipment configuration and what other needs they might have in order to do the job.

Now one of the key questions that certainly everybody is interested in, particularly the Department of Lands and Forests, is, what are we going to do about utilization of aspen and mill residues? In our proposal we have stated that we will build within a 5 year period a fibre processing plant. That fibre processing plant has not been identified. We are looking at about five options, including flake structural board, particle board, two or three processes of producing what we call a particle board, and the largest possible opportunity is the installation of a pulp mill. This pulp mill will be by necessity of somewhat special design and will not be overly large. We are looking at a maximum size of about 500 tons per year (later corrected to 500 tons per day). If that is the selected process, it will be designed and constructed to respect the environmental requirements that are set forth by the Government and will be operated in a manner which will protect all of the environmental values of the area. I think I must emphasize again because we have not specifically identified a facility, our commitment is still just as strong. We will put in the facility. It will be under construction within five years. The reason we are not able to identify the plan at this time is that we are looking at some new technologies, we have some more research to do as it relates to markets, the salability of products and more particularly the possibility and potential of the pulp mill which will be very difficult and is requiring much more time to put in perspective for our own management decision than we had originally anticipated.

We have been talking about forest management, we've talked about facilities and I think within the time frame I'm going to perhaps let Mr. James off the hook because we are running out of time. I'll just mention in summary the thing that he was going to say and that is that we have historically and will continue to have a high level of interest in the communities and the people that our industry serves. We have demonstrated this over many years of operations in the United States and in the eight years we have been in Saskatchewan.

There are a couple of other points relative to the corporate policies which I'm sure that most people are interested in. One is that it is our intention to establish a Canadian corporation, Provincial corporation, which we would probably call Simpson Timber Company Limited Alberta which would be a comparable organization to that which we have in Saskatchewan. Our parent Company is closely held, it is primarily owned by the family that has had Simpson for many, many years. However, in our Canadian subsidiary companies, we are interested in seeking public participation. We expect that at some point in time, we would make available to the public, or at least to the Canadian buyers, portions of the stock of this corporation. This again is something we cannot be specific about because it is essential that, to make such a public offering successful, it has to be done at the proper time and needs to be done after the operation is established and has gone through the usual tough few months or years of shakedown and getting everything in order and has established a good performance record. However, this is basically of strong interest as far as Simpson is concerned. The second point which I think is also important because our parent company is a U.S. Corporation, has to do with our policy in regards to retained earnings and dividends. It has been the Company's policy, and the parent Company, to pay out only a minimum amount of dividends. Retained earnings are used for reinvestment and growth. We

have been in Saskatchewan for eight years and have not yet taken one dollar from the Province of Saskatchewan and repatriated that dollar to the United States. We have retained the cash flow and the earnings for reinvestment and growth in Saskatchewan and it is our plan to do the same thing in Alberta. Thank you very much for your attention.

MR. STEELE

Thank you very much gentlemen. The second presentation will be by Mr. Inglis of Levesque Lumber (Alberta) Company. Sorry Mr. Blouin first.

MR. BLOUIN

Honourable Minister Allan Warrack, Mr. Chairman, dear Citizens: My name is Donald Blouin and my occupation is Controller and Manager of Operations of Levesque Lumber (Hearst) Limited. It is my pleasure to say that we have eight representatives for Levesque Lumber Alberta Company attending this meeting today. They are: Real Levesque, General Manager and Secretary of Levesque Lumber (Hearst) Ltd., Ronald Levesque, Assistant General Manager and Director of the same Company, Rosaire Levesque, President of the same Company, Marcel Gosselin, General Manager and Vice President of Gosselin Lumber Company Ltd.; Tom Inglis, Controller and Vice President, Dynast Forest Products Limited of Thunder Bay; George Blight, Forester for Levesque Lumber (Hearst) Ltd. and Gosselin Lumber and we have also as resource personnel Alcid Buteau, Auditor, for Levesque Lumber and Levesque Plywood.

Before submitting our proposal, I would like to provide some background about the Companies forming the Levesque Lumber (Alberta) Company. I believe this will be helpful and of interest to the people who are here and who may not be familiar with the Company. The Companies forming the partnership are:

Levesque Lumber (Hearst) Ltd.

Dynast Forest Product Ltd. from Thunder Bay and

Dawson Lumber Company Ltd. from Hearst

These Companies are wholly owned Canadian. For the past 27 years the three Companies have been involved in the woods operation, saw milling, planing mills and sales of lumber chips and shavings. The annual production of the said companies totals 229 thousand cords of wood for a total production of 132 million board feet of lumber, 92,400 bone dry tons of chips, 23,700 bone dry tons of sawdust and 29,700 bone dry tons of shavings. The Companies have had experience in the construction of main roads for access to timber, cutting timber in tree length, 6 foot logs, 8 foot poplar and spruce, and veneer logs as well as 4 foot pulpwood. These Companies have constructed sawmills, planing mills and dry kilns in the Hearst, Thunder Bay and Hudson area. I would also like to mention that Levesque Lumber (Hearst) Ltd. is and has been closely associated with the Levesque plywood and particle board plants. At this time I will ask Tom Inglis to present our proposal for the Whitecourt Timber Development Area. Thank you.

MR. INGLIS

Mr. Chairman, Honourable Minister, ladies and gentlemen.

I hope that I won't take more than our 15 minutes that we have so I'll stick pretty closely to my text if I might. As Donald has mentioned, our three Companies are participating in this venture and we think we have the knowledge and expertise to make a good operation here in Alberta. In Alberta, the Company will construct a sawmill, dry kilns, 2 planing mills on a specific site yet to be determined within the Town of Whitecourt. It has been brought to the Company's attention that Whitecourt has an industrial site zoned for this purpose. It would be the Company's intention to apply for that site. The estimated cost of the capital assets amounts to a total investment of between 4½ and 5 million dollars. The sawmill would have a minimum rated capacity of 340,000 board feet per day. This is based on the Company's experience in Northwestern Ontario. The annual payroll would amount to approximately 3 to 4 million dollars per year. We would employ approximately 200 men

in the mill and we would get as many of these as possible from the local residents. We would employ an additional 100 men in the woods operation and approximately 50 men in the hauling operation which likely would be contracted. An additional staff would be employed for regeneration. The purchase of fuel, maintenance of supplies and other operating items inclusive of logs are expected to exceed 3.8 million dollars per year. The timber consumption is estimated to be in the vicinity of 140 to 160 thousand cords per year.

The Company has already investigated the market for chips to be sold to the mills in Hinton and Grande Prairie, Alberta. The shavings and sawdust will be marketed as markets occur in the future. There will also be purchases of machinery, supplies and fuel for the harvesting and hauling operations. The initial capacity of the operation is expected to be 70 thousand cords for the first year of operation increasing to 140 thousand in the second and third and if indicated by our re-inventory, 160 (later corrected to read 160,000 cords annually) from then on. The sawmill, dry kilns, and planing mill will be operated on a two shifts basis annually. Our manufacturing facilities will consist of a sawmill with chipper canterers and band saws. Debarking, chipping and screening units will be installed which will provide for the manufacture of high quality chips.

Our schedule for construction is as follows: In June 1973 we expect the Minister to announce his decision as to the successful applicant, and if we happen to be that person, (which we hope), in July to September 1973 we'll prepare for the management agreement and execution of that. In January 1974, the Company will order the equipment for the facility. In June 1974, we will construct the buildings. In November 1974 we will start to harvest the timber. On May 1, 1975, the sawmill will start up and on June 1st, 1975 the planing mill will start in operation.

The Company will be negotiating a proposed lease agreement between the Province of Alberta and Levesque Lumber (Alberta) Company. After the hearing has been held, the Company would like to cover the provisions of the proposed lease agreement. The Company proposes to be incorporated into a forest management agreement as designed to secure the supply of raw materials necessary to ultimately assure the wood supply to the proposed plant. The forest management agreement area comprises 1532 square miles and is referred to as the Whitecourt Block of the Whitecourt Timber Development Area. The agreement will be proposed for a 20 year period with a renewable option for a further 20 year period subject to reasonable terms and conditions to be agreed upon at that time. If these basic rights are granted, the Company would immediately proceed to build the aforesaid mentioned complex at Whitecourt. The Company would expect to negotiate land in Whitecourt near the railroad. The area of the site would be determined to provide sufficient acreage to accommodate the plants, offices, storage of logs and lumber and wood chip inventories with allowance for an additional area for the related manufacturing that we plan in the future.

At the mill and on the woods operations the Company proposes to abide by the regulations of the Public Health Act in all aspects including matters relating to air and water pollution. Specifically, the Company's sawmill refuse will be burnt in a smokeless burner at the plant site. To supply the sawmill in continuity, the Company will have the exclusive right to harvest all timber from the forest management agreement area that has not been outlined for operations by sawlog quota holders. The Company proposes to harvest all conifer trees down to a stump diameter of six inches and utilize a proposes to harvest all conifer trees down to a stump diameter of six inches and utilize a minimum top diameter of four inches inside the bark. In addition the company will harvest deciduous species from within its cutting areas at such time as markets exist for such products or sufficient volumes occur to warrant harvesting. The Company will permit and agree to let others harvest the deciduous volume within its agreement area. The Company reserves the right of first refusal on the deciduous species.

As a prerequisite to the Company's plan, it is requested that the Minister outline the area within the forest management agreement area which will be reserved for operations by sawlog quota holders within two years following the signing of the agreement. The

Company acknowledges the commitment the Province has with the established sawmill industry in the Whitecourt Block in the form of assigned sawlog quotas and would be willing to explore avenues of cooperation with quota holders which could result in efficiencies of operations and management and an increase in the utilization of the total conifer volume.

The Company will undertake to purchase coniferous wood volumes which may result from site, road and powerline construction by the oil and gas industry on the forest agreement area. This will decrease the annual anticipated loss of raw materials through industrial damage. In recognition of the demands that are made from time to time on an area for miscellaneous wood volumes, the Company feels the Minister should be free to issue permits to others for reasonable volumes of timber products to be harvested from the area for specific needs.

Present considerations to logging indicate that initial operations would be a mix of entirely mechanical production with conventional piece work cut and skid at approximately 1 to 3 ratio. Further feasibility studies in this regard as to economics and labour supply may result in an increase in mechanical production. Wood would be delivered to Whitecourt in tree length form.

Roads built by the Company will become the property of the Company but will remain open for public use, except during periods when such use would result in the extraordinary maintenance requirements or would present a threat to the forest through destruction by fire. Closures would be in agreement with or under the order of the Minister. Commercial users of Company roads would be expected to reimburse the Company at a reasonable rate related to the extent of the use being made.

It is noted that there is no reserve area available to assure wood supply exclusively to a proposed industry depending on volume from the Whitecourt Block. It is further noted that an area is being held in reserve, specifically Management Unit W1, which will provide raw material in case of serious shortage to the several major wood industries surrounding the specific area. It is proposed that the agreement include reference to this available wood supply as assurance of raw material in case of serious disaster or error which would result in insufficient raw material in future years. The Company is reasonably sure from initial investigations that the allowable cut available to its proposed industry as calculated by the Province is reliable, however, it is not planned to attain a production of 160 thousand cords annually until such time as re-inventory and management plans indicate that such production can be reached and maintained, having regard for sound forest practices and further restrictions that may be found desirable in the particular area as a result of current studies that are being carried on.

In return for the rights granted to the Company by the agreement, we will make the following payments to the Province: The deposit: In light of our firm commitment to proceed with the project subject to DREE approval, our Company will make a deposit of \$24,000.00 during the period of negotiations of the forest management agreement. A reasonable performing deposit will be agreed upon once the agreement is signed. Deposits will be made in the form of cash or Canadian Government bonds.

Land Rent: in accord with presently existing forest management agreements the Company agrees to pay at the minimum 3 dollars per sq. mile per annum for land rent plus the total aggregate amount of land rent paid to the Minister by timber quota certificate holders. The initial payment for land rent will be on the date the agreement is signed.

Forest Protection: The Company agrees to pay for forest protection services provided by the Province and in accord with the existing agreements, a minimum of \$12.80 per sq. mile per annum plus the total aggregate amount of forest protection paid to the Minister by timber quota certificate holders. The initial payment for forest protection will be on the anniversary date of the signing of the agreement following the year in which the harvesting operation begins. The company is ready to pay the charges as already quoted plus a reasonable increase that may be levied to established agreement quota holders.

Stumpage: The Company is prepared under this proposal to offer a minimum of 40% of the regulation dues rate for stumpage for coniferous species. The Company agrees to pay for all species of deciduous timber at the rate of 50 cents per cord. A cord, coniferous or deciduous, is to be defined by volume and weight. Stumpage will be paid quarterly and payments will be due 30 days after the end of each quarter for timber harvested during the quarter or as otherwise agreed with the Minister.

The Company expects that any concessions which relate to the cost of lumber production and are granted by the Province to other lumber producers by new agreements, prices, terms or conditions after the signing of the agreement will be granted to our Company. The Company will develop a forest management plan for the agreement area which will result in the full utilization of the forest resource of the area. We will take into account the multiple use of the area which is required and we will relate the presence of the established oil and gas industry of the area.

The management plan will include all items which are normally required by such plans and will be supported by a complete re-inventory over the whole area which will be undertaken immediately in order that the management plan will be available for submission within three years after harvesting begins. Initial operations by the Company will be supported by an interm-operating plan which will be submitted to the Minister for approval within four months of beginning harvesting operations.

We have given careful consideration to the requirements and responsibilities which are accepted by the forest manager in current forest management agreements in the Province of Alberta and the ground rules which apply to regulate management and operating practices would be in the agreement to operate under these basic conditions. The Company will assume the responsibility at its own expense to obtain regeneration on the areas harvested by the Company according to regulations of the Province and the terms of the agreement to be negotiated.

We are planning to solicit the aid of forest technicians trained and experienced in forest management in the Province of Alberta for inventory planning and forest management. The Company would in the field of regeneration, basically adopt methods of treatment which would result in the establishment of new forest crop in as short an interval as possible.

That covers the main part of the agreement, ladies and gentlemen. There are a few other points I would like to make. One is on local investment. It is our intention to invite the local people, if they so wish, to participate in investing with us in this project. If interest is shown, we are prepared to make a presentation to them, once the agreement has been signed. We're willing to have you people, if you so wish, participate with us from the outset and we feel that we would like to have you in with us. This proposal is contingent upon receiving an affirmative approval from DREE for financial assistance.

A little bit about our future plans. We have within our organization access to expertise in plywood, particle board, flakeboard and lumber treating. If we are successful in our bid, it is our intention to complete a feasibility study as soon as possible to give us an opportunity to further enlarge our facilities at Whitecourt. If it proves feasible, we will proceed with these projects and we will be able to utilize the poplar and also the sawdust and shavings from not only our own operations but those of the surrounding operations as well as those from the Fox Creek area. We have not at this time attempted to put a dollar value on this additional future plan.

To summarize briefly, we have a long and successful history in the field of forest utilization. We have always tried to be good corporate citizens and a fair employer. The Company believes that the area has the many resources that would be needed to operate a sawmill and its related facilities on a long term sustained basis and the Company's operations would bring economic and social benefits to Whitecourt and its surrounding areas by providing employment opportunities and economic stimulus. Favourable consideration of the Company's proposal would put our Company in the position of being able to build and operate a logging operation, sawmill and related facilities. The Company accordingly requests that the proposal be accepted so that it may proceed with the signing of all necessary documents which would be necessary with reference to the lease agreement.

Thank you very much ladies and gentlemen.

MR. STEELE

Thank you gentlemen. I would like to interject two comments at this time. There will be questions to the speakers later on and I wonder if they would make sure they are available to a mike, either of the ones at the sides of the room here or the one at the front. Secondly the last submission suggested that there may be a decision before the end of June and I think, quite frankly, it takes some time to make an important decision of this nature and it's not possible that we will have a decision before the end of June. I wonder if we could then call on the next speaker please, Mr. Meunier, from Fox Creek Lumber?

MR. MEUNIER

The Honourable Mr. Warrack, Mr. Chairman, ladies and gentlemen.

We are pleased to be here in Whitecourt to attend the public hearings on the timber management application for the Whitecourt Development Area and we are grateful for the opportunity of presenting our brief. Our Company, Fox Creek Lumber Ltd. is proposing a development only for the Fox Creek Block. Our proposal in no way discourages or hinders the development of a major forest industry in Whitecourt. We pledge full support and cooperation to any company proposing such a development in your town. Our proposal allows for two communities, Fox Creek and Whitecourt, to share in the development of a natural resource. This development will result in two prosperous and stable communities. These communities will geographically share the resource. Therefore it would appear natural that they share in the benefits derived from this resource.

Our proposal calls for 126 new permanent and 90 new seasonal jobs in the Fox Creek area. Our community will be strained at first but it can handle this size of increase. We need this size of increase to ensure the continuation of our town. Fox Creek is primarily dependent upon the gas industry and its supporting services. The gas fields have a determinable life expectancy. If Fox Creek does not receive other industries it is sure to die in a very few short years. Unlike many towns in Alberta, it cannot rely on farming for stable support. An industry such as lumbering could lend itself well to the community. Since the majority of the gas field service work is done during the summer months, the winter logging operation would complement the labour force. A 12 month need for labour would certainly attract more permanent types to our town. As Albertans, we would hope that any development shall be in the best interest of the entire area. In passing your judgement on the proposals in question, consider the importance of good corporate citizens. The people who set company policies should be residents of the community. Decisions for the betterment of Whitecourt cannot come out of some large board room on the west coast. Contact must be maintained between the people who care and the people who decide. Fox Creek Lumber is a merger of four Alberta sawmill operators who have been operating for an aggregate total of over 80 years. The four Companies, Meunier Lumber, Mostowich Lumber, Mulyk Lumber and McCorkle Construction have operated in or near Fox Creek in some cases over 25 years. Presently we own all the saw timber harvesting rights within the Fox Creek Block. Our area of interest covers approximately 90% of the Fox Creek Block. We have developed and maintained road systems throughout the area. We have contributed much to our small community. We have invested heavily here in hopes of our future. We have earned our right to operate here under the Alberta quota system which was set up by the Alberta Government in 1962. In 1966 we were granted permanent quotas which allowed us to remove timber perpetually at a set yearly amount. We have our quotas today because we have proven we can operate and contend with conditions in our area.

It is interesting to note that at or near the same time we received our rights to operate our quotas, MacMillan Bloedel had an opportunity to operate nearly 4 million acres of Alberta forest land near Whitecourt. They made great promises. Because these promises did not materialize, millions of dollars of revenue were lost by the Province as well as the people of this area. Let us not be fooled again by the fiery words of a giant. If we take our development slowly, of the kind we know can succeed, we can progressively develop our forest and our town.

As before, our proposal represents the efforts of several Alberta people and it shows our sincere desire to continue on in an industry we have supported fully for over 25 years. Unlike all other proposals being reviewed today, we do not have operations we can expand in other Provinces. We have developed and protected only the Alberta forest. As well we have developed and employed only Alberta people. What we have done in Alberta in the past and what we can do in the future cannot be measured in monetary terms. We have grown from a one horse operator to a group handling over 3 million dollars annually. Fox Creek Lumber Ltd. proposes an investment of 4.5 million dollars in Fox Creek. We propose to employ 184 permanent and 250 seasonal personnel. We will manufacture 60 million board feet of coniferous timber annually and 44,000 units of wood chips. Our total gross revenue should be in excess of 7 million dollars. We are prepared for this expansion. It is a natural for us. Our town is prepared for the expansion. We have earned our right to be here and have proven we can stay. We feel we are not being selfish when as Albertans residing in Fox Creek, we ask this town's support of Fox Creek Lumber Ltd.'s proposal. This support will allow Fox Creek to share in the forest development which is certain to come to your area. Together let's hope we can grow strong. Thank you.

MR. STEELE

Thank you very much. You had lots of moral support. Thank you Mr. Meunier. The next presentation will be by Weyerhaeuser, I believe Mr. McInnes.

MR. MCINNES

Mr. Chairman, Dr. Warrack, Mr. Trynchy, ladies and gentlemen.

I'd like to introduce our proposal by briefly describing Weyerhaeuser Canada Ltd. Our corporate headquarters are located on the west coast in Vancouver, B.C. and all major officers including the Chairman of the Board and the President are Canadian. The corporation is a wholly owned subsidiary of the Weyerhaeuser Company located in Tacoma, Washington which has manufacturing and marketing facilities fairly well world wide. At Kamloops, Weyerhaeuser Canada operates one of the largest pulp mills in Canada producing approximately 1250 tons of pulp per day. Associated with the pulp mill are four sawmills with a total productive capacity of 320 million feet per year. It might be useful to comment that the existence of the Kamloops pulpmill depends entirely on 42 supplying independently owned sawmills. These sawmills are converting former waste wood residuals into chips and sawdust which provides the pulp furnished for this mill. In Ontario and Quebec, the Company operates hardwood veneer and hardwood lumber operations and at this time, in excess of 2340 Canadians are directly employed by the Company. In Alberta we propose to invest approximately 32 million dollars to totally utilize the annual sustained yield capacity of the Whitecourt and Fox Creek timbered areas. The proposed manufacturing facilities located at Whitecourt would include a sawmill, dry kilns, planing mill, plywood plant, fire place log plant and a flakeboard plant.

During late 1972 and early 1973 we very carefully evaluated the timber resources contained in the Whitecourt and Fox Creek areas. Our objective was to supply additional data required for assessment of an appropriate manufacturing facility that would achieve maximum utilization of the resource. Particular attention was directed towards the potential utilization of poplar. An inventory crew was engaged and established some 300 supplemental sample plots. In addition Alberta Forest Service inventory maps and permanent sample plot data were used. Both blocks were covered broadly by use of helicopters and existing access roads. The resulting inventory data formed the basis of this proposal.

To fully utilize the timber from the total area and to extract the highest economic end use of the resource, we propose building a sawmill capable of cutting a minimum of 65 million board feet annually. This would include, as previously mentioned, dry kilns, a planer with sufficient capacity to dry and dress the entire production. Completion would be programmed for May, 1975. Secondly, a plywood plant capable of producing 70 million

square feet 3/8ths basis per year. Veneer would be produced in May 1975 with final completion of the plywood plant in May of 1976. A flakeboard plant capable of producing 120 million square feet 3/8ths basis of phenolic board would be commenced in May 1976. Raw material for this plant would be obtained from sawmill and veneer mill residuals on site. Completion date would be May, 1977. Lastly, a fireplace log plant in order to supplement the total utilization of mill wastes. We would plan to manufacture fireplace logs at an annual rate of 15 thousand tons per year. Completion of this facility would be September 1975. During the construction phases of the mill and prior to full production chips will be produced and sold on the existing chip markets. When the flakeboard mill comes into production, material formerly used for chips would be flaked and used for flakeboard. The construction of the proposed complex would be phased over a three year period. This would allow ample time to train personnel required for the operation and would also allow the gradual and appropriate expansions required for housing and other community services. Direct employment at the plant site would amount to 400 jobs and an estimated additional 230 jobs would be created in logging and forestry. During construction phases an additional 170 to 180 people would be employed over a three year period. We will endeavour to employ local, technical skills and personnel wherever possible and would propose continuing this policy should we be awarded the forest management area. It might be interesting to note that we have followed this policy in our other operations and our Vice President of pulp comes from this Province of Alberta. It would be our intention to work with Canada Manpower for further training purposes as the project progresses. The logging operations will be partially company, partially contract and would offer opportunities for local contractors should they be available.

At this time it seems appropriate to briefly outline the terms proposed for the forest management agreement that would be enacted should Weyerhaeuser Canada be awarded the forest management area. First, water course protection would be provided within the Alberta Forest Service operating ground rules. Secondly, the company proposes to enter into a forest protection agreement with the Alberta Forest Service in accordance with the present regulations. Thirdly, we would reforest areas logged by our Company in accordance with the principles of forestry. Fourth, our Company recognizes the need to protect the aesthetics and will work towards developing road and logging plans in accordance with these needs. We also recognize the needs of those apart from the forest industry to use the land and water areas. Fifth, acreages of unsatisfactorily reforested areas exist at this time within the boundaries of the proposed forest management area. We would be prepared to undertake a limited reforestation and rehabilitation program on a mutually agreed cost sharing basis with the Alberta Government.

The marketing of the products is an area of some interest. Should we be granted the area our policy would be to serve the local markets for studs, plywood and flakeboard. Fireplace logs would be marketed in the urban centers of Alberta. Surplus to local needs would be marketed in Canada with the balance being marketed in the U. S. markets.

In conclusion, I would like to say we believe we have a specific and concrete proposal that would benefit the people of this area, the Province of Alberta and our Company. Thank you.

MR. STEELE

Thank you very much Mr. McInnes. The last presentation will be from North Canadian and Roy Bickell will be speaking for them.

MR. BICKELL

Thank you. Mr. Minister, Mr. Chairman, Mr. Trynchy, ladies and gentlemen.

My name is Roy Bickell, I am the Vice-President, Resident and General Manager of North Canadian Forest Industries, Grande Prairie. I would like to introduce representatives of our Company who are here today. First of all Mr. Peter Bentley, Executive Vice-President, North Canadian Forest Industries, also Executive Vice-President, Canadian

Forest Products, Canfor Limited and affiliated companies; Mr. Ron Longstaffe, Vice-President of the same companies named; Mr. Glen Patterson, Vice-President, Northern Operations; Mr. Rick Weinman, Assistant Secretary; Mr. Bill Manary, General Superintendent of Woodlands Division, North Canadian.

Mr. Minister, on behalf of our company I wish to thank you for the opportunity to review our brief at this public hearing and also express our appreciation of the way that your Government has involved the public as part of the decision making process on such an important long range subject as our natural resource development. For brevity, I'd like to refer to our Company as North Canadian. I have a number of sections to go through.

Section 1 is the History and Involvement in Alberta.

North Canadian is an Alberta incorporated company with all of its assets and its Head Office in Alberta. It is a member of the Canfor group of companies which is one hundred percent Canadian owned. North Canadian is one of the largest employers north of Edmonton with the average annual work force having grown in 1973 to approximately 810 people. North Canadian's plywood plant, the first in Alberta, was established in 1953 by enterprising local Grande Prairie people as Northern Plywoods Limited. The Company became a wholly owned member of the Canfor group in 1961, along with the Grande Prairie Lumber Company. The two companies were amalgamated as North Canadian Forest Industries as the first step in a program of expansion and integration.

In 1964 a forest management agreement between the Company and the Alberta Government provided for the Company's continued future timber supply based upon sustained yield forestry practices and the regeneration of cut over lands. In addition to the forest management agreement area, North Canadian successfully harvests wood from quota areas, licensed timber berths and a tree farm with operations located in both the Grande Prairie and Peace River Forest districts in Alberta. Today, North Canadian's plywood plant in Grande Prairie is producing (if related to 3/8ths inch, 4x8 sheets of plywood) approximately 11,000 pieces of plywood per day. North Canadian's lumber division in Grande Prairie, will in 1973 produce approximately 110 million feet of lumber. Pulp chips are manufactured from waste wood at both the Grande Prairie plywood and lumber operations. North Canadian also owns a mill at Hines Creek that was established in 1969. At Hines Creek, the 1973 production will be approximately 50 million feet of lumber as well as the supply of peeler logs to Grande Prairie.

Section 2. Pioneering Ventures and Accomplishments in Alberta.

1. North Canadian's plywood plant was the first in Alberta in 1953.
2. 1957—developed a process and markets for both decorative and construction grade plywoods from lodgepole pine.
3. 1962—first stud mill in Alberta, for small log utilization.
4. 1965—we centralized sawmill facilities and eliminated all bush mills.
5. Of the present sawmills with waste wood chipping facilities in Alberta, North Canadian was first to establish the process in 1965.
6. 1968—first thin kerf double arbour edger in Alberta.
7. 1969—establishment of new centralized year round operation at Hines Creek, providing steady employment for over one hundred men.
8. 1971—development by Company personnel of the first teepee burner in Alberta to meet the new air pollution control standards.
9. 1971—first Alberta plywood plant with wastewood chipping facilities.
10. In cooperation with the Alberta Forest Service, North Canadian pioneered the present weight scale method of measuring log deliveries for centralized lumber operations.

In 20 years of continuous operation in Grande Prairie, North Canadian's payrolls have grown from 35 to 625 with employees never having experienced a layoff despite many market slumps which occurred during that period. Similarly at Hines Creek the steady, growing payroll, now reaching 185 employees has been continuous in four years of operation.

In 1972, North Canadian's operations generated a total of \$22 million in sales revenue after deducting freight. We estimate that nearly \$19 million of that was derived from outside of Alberta, with \$21.7 million being spent in Alberta. These figures illustrate the major extent to which North Canadian's operations presently contribute to the economy and stability of the Peace River country. They also illustrate how important North Canadian's impact can be in the Fox Creek area.

As the potential for further expansion at its present locations is limited by the availability of timber, North Canadian is studying further intensive utilization of the resource of its present operations and is also desirous of expanding its base by submitting the proposal that we are reviewing today.

Section 3. Proposal and Timing—Fox Creek Plant

North Canadian is prepared to establish a third manufacturing complex patterned on the successful integrated year round industries now operating in Grande Prairie and Hines Creek. A site has tentatively been selected, south of the new Town of Fox Creek on the CNR and construction would commence in the spring of 1974.

Analysis of the available timber supply for a Fox Creek operation indicates an extremely small tree size, yielding an average log of only 7 inches in diameter. This presents a particularly strong challenge in smallwood utilization which is an area of special expertise for North Canadian.

At the present time a total of five specialized small log mills are being designed or under construction by North Canadian and its affiliated companies in Northern British Columbia including one under construction at Grande Prairie and one being designed for Hines Creek.

During the past year, a special operations research team has been studying log allocation from the log mix available to determine the optimum conversion process. They have employed linear programming techniques utilizing a computer and have established fundamental principles upon which our sawmill designs are based.

The mill design would incorporate the latest technological advances in equipment to maximize lumber and chip production with a development of very minimal sawdust waste. The mill would be primarily built upon the principle of maximum lumber production of small logs with ability to saw top logs as small as 4 inch diameter at the small end inside bark.

Waste would be disposed of in a teepee burner with pollution control equipment similar to that which the Air Standards and Approval Division of the Department of Environment have acknowledged as satisfactory in the City of Grande Prairie.

Maximum employment would be expected to develop since North Canadian would plan to obtain maximum lumber and plywood recovery with pulp chips developing from solid wastewood residues only. Construction of the Fox Creek plant would commence in the Spring of 1974 and would be operational on or before November 15, 1974.

Section 4—Manpower

As a result of North Canadian's proposal, 131 full time jobs would be created at Fox Creek. In addition, 62 woodlands employees would be required on a 8 month per year basis. This is equivalent to 175 year round employees for Fox Creek. This does not include 19 additional full time jobs that would also be created at our plywood division in Grande Prairie. By including this group, the equivalent year round employment would then be 194. Salary and hourly rates paid by North Canadian repeatedly lead the way in the Alberta lumbering industry and have always been well above the average.

Section 5—Production—Sawmill, Kilns, Planer Mill

From the harvest of the Fox Creek Block of 6.6 million cubic feet of logs, we propose to direct 12% of the logs to plywood production. From the remainder alone, we will manufacture 44 million feet of lumber per year. From the lumber production process, we

will manufacture as salvage from slab edgings and the like, 18 thousand bone dry units of chips per year.

Section 6—Investment

Not less than \$3,800,000.00. In the brief that was handed out to most of you here, the summary of the proposal, there are some figures of general nature. Under woods equipment and roads: woods equipment would be fairly minimal, \$280,000.00, roads only \$170,000.00. The balance, manufacturing facilities and site only, \$3,350,000.00 at Fox Creek only. This does not include working capital or approximately \$300,000.00 that would be invested at Grande Prairie or any additional possible for quota utilization.

Section 7—Forest Management

North Canadian presently has 6 graduate foresters on staff at Grande Prairie along with numerous forest technicians. This staff is experienced in northern conditions, Alberta regulations, cruising, layout, planning, harvesting, forest regeneration and forest protection. With experience in developing and working with our existing forest management agreement at Grande Prairie and a tree farm at Hines Creek, we are fully aware of the workload and responsibility in following appropriate forest management practices.

Section 8—Forest Harvest

We propose the hiring of as many contractors and sub-contractors as possible to carry out the forest harvesting process. The logging program is proposed to be active 8 months per year. North Canadian has proposed that the rate for the payment of timber dues and holding and protection charges be calculated on the same basis as is presently done for North Canadian's existing forest management area. Dues payments would thus be on the same basis as quota holders and therefore on the same basis as other lumber producers in Alberta.

Section 9—Financing

North Canadian does not intend to apply for any financial assistance under the DREE program. As I said earlier North Canadian is a Company that is 100% owned by Canadians. Fortunately it also has the ability to provide adequate financing of such an undertaking.

Section 10—Environment Protection

With regard to the effect on the qualities of the air, I mentioned earlier that North Canadian plans to include the use of the pollution free teepee burner for waste disposal. No water will be used in the manufacturing process, therefore pollution from this source will not occur. Logging proposals and layout will appropriately recognize streams and potential runoff. Road construction and logging would only proceed upon approval of plans acceptable to the Alberta Forest Service. Reforestation need not be a concern. We are proud of what we have done in Alberta in the past and reforestation is, of course, regulated and supervised by the Alberta Forest Service. It is a responsibility that we must properly handle following harvesting in order to qualify for continuing harvesting rights.

Section 11—Marketing

North Canadian as an affiliate of Canadian Forest Products Ltd. is fortunate to be represented in plywood sales by Canfor Building Materials Division which markets company products across Canada through 29 distributor centres. North Canadian is also fortunate to be able to enjoy the sales support of the parent company who, in 1972, handled lumber marketing and sales in excess of one half billion board feet.

Section 12—Summary

It has been our desire to propose facilities, manning plans, forest management plans, harvesting methods, marketing, financing and environmental protection that are

economically practical thereby resulting in a viable operation which can provide continuous year round employment and revenue for the Province. In concluding Mr. Minister, I see no reason why the citizens of the Fox Creek Community would not naturally expect to benefit to the maximum amount from the local use of the renewable natural resource that surrounds them, the timber. I'd like you to refer to that map on your right for a moment. It is quite evident I think, to everyone here that the Fox Creek Block and the unique location of the Town of Fox Creek, practically at the very centre, needs not too much further explanation. Fox Creek presently is primarily a single resource town, the petroleum industry. A second basic resource industry would provide a much more stable base from which to plan the future of Fox Creek, with the direct employment and the extra spin-off effect that automatically occurs when such primary resource development is established. We understand that population declines are likely to occur at Fox Creek in the future. It appears that this need not happen. You have for consideration North Canadian's proposal. A Company owned 100% by Canadians, a Company which has the ability to provide adequate financing, a Company that has a record of proven performance in Alberta in providing regular employment and high utilization.

Mr. Minister, we are convinced that we can perform consistent with the application and if given the opportunity, the project will be a credit to the Provincial Government, the Community, the prospective employees, and the Company. Thank you.

MR. STEELE

Thank you very much Mr. Bickell. We're just about ready for a tape change. I think we timed that perfectly so if you'll just wait a few moments please.

MR. STEELE

We're going to continue on now. We have a new tape and are all set to go again. The Forest Service has some questions that they would like to address to the people that have made submissions and in some cases they will relate to all of the applicants and in other cases to particular applicants. I hope these question will answer some of the points that you have in mind as well as matters that we feel should be clarified for our analysis. I'm going to ask Fred McDougall if he would handle the questions to the applicants.

MR. MCDUGALL

Thank you, Bob. I think we'll deal with them one company at a time in the same order in which the presentations were given. Could either Mr. Reed or Mr. Brocard from Simpson get to a mike, so the answers will be recorded.

MR. REED

I guess I'm on.

MR. MCDUGALL

Before commencing, if you could just state you name again for the record.

MR. REED

Starr Reed, Simpson Timber Company.

MR. MCDUGALL

In relation to your proposal itself, you at one point mentioned the pulpmill capacity of 500 tons per year. I think you might wish to correct that capacity statement.

MR. REED

I have stated that that would be the maximum, 500 tons per day, excuse me.

MR. MCDOUGALL

Thank you. I think you dealt quite fully with the question of public participation. Another question we would have is, would Simpson Timber Company be prepared to submit a proposal on only the Whitecourt Block or only the Fox Creek Block in the event that a decision was made in favour of some other applicant for one of the other parts?

MR. REED

We've given this some consideration. We don't have a specific facility configuration designed for the volume that would be available from Whitecourt only. I can express though that the Company would be extremely interested in looking at that opportunity and it would be just a matter of a few days I think to complete our analysis and come up with a specific proposal.

MR. MCDOUGALL

Have you finalized your financing arrangements for the project and could you briefly describe what financing arrangements you would have at this time.

MR. REED

Well, we have not made a complete program on financing. We have advised DREE that we intended to make an application for a DREE grant if we were awarded this development. We would also utilize other sources of financing including the funds from the parent Company as well as other financial institutions.

MR. MCDOUGALL

Could you make any statement at this time about performance deposits or deposits placed with the Department in relationship to your proposal. Have you developed any feeling for what you consider would be an appropriate deposit particularly in relationship to the second phase of your proposal which is five years hence?

MR. REED

Are you speaking of a deposit to ensure performance?

MR. MCDOUGALL

A deposit in relation to your proposal to ensure that it would proceed as indicated.

MR. REED

Well this point has been discussed and as we expressed to you by letter, we would be in favour of making such a deposit. The exact amount we felt would be best developed through discussions with the Government to put it in proper perspective. Some indication of amounts could range up to say, \$200,000.00 but that particular amount, I think, is open to some further consideration. The principle expressed here is certainly acceptable as far as Simpson is concerned.

MR. MCDOUGALL

Have you determined or developed a figure for what we might expect in terms of total Government revenue, that is royalties, holding and protection charges, local taxes and Provincial income taxes that might flow from the development?

MR. REED

I overlooked this particular item which is a pretty important one in trying to cover as much of the information as possible during the presentation. Our development plan as submitted to the Government outlines specifically the royalties that we would expect to pay and the protection and holding fees. I would like to perhaps enlarge on that just a little bit. We initially proposed for holding and protection fees \$15.80 per sq. mile per year. Upon

further review, we have modified that to the amount that would be determined for protection. The holding amount, I think, is still at \$2.00 per sq. mile but we have changed the amount that would be available for protection to calculate it on the basis of approximately 3 cents per acre per year. That brings the total, I think, depending upon the acreage that is actually calculated, somewhere around \$2.00 per sq. mile per year rather than the \$15.80.

MR. MCDOUGALL

Thank you. Are there any particular secondary benefits that you see flowing out of your development that haven't been described so far?

MR. REED

Well I should make further response to your first question having to do with other revenues. The amount of royalty payments for stumpage also is included in our proposal which has been expressed in terms of \$3.50 per cord and this amount is subject to escalation based on a cost price formula and it is intended that that would closely parallel the established royalty system that the Government has in place at the present time. We made a rough calculation and believe that that would amount to close to 80% of the standard royalty fee that is now being paid by saw timber quota holders, and related to tax benefits we have not made a specific calculation of that. I hope that the tax revenues would be extremely high since they are calculated about the total of profits and our intention is to have lots of profits so that you would get lost of taxes. As far as secondary benefits are concerned, I think that of course the development itself, with the increased employment will offer increased services and opportunities within the communities of both Whitecourt and Fox Creek. As we get into the second phase of our proposal, there are a number of possible opportunities that could be developed in terms of the this type of an operation. We start off with a given development plan but our long range interest is to grow. As I had indicated in the earlier presentation, we would utilize returns from this operation for reinvestment primarily for growth in the area.

MR. MCDOUGALL

Finally Mr. Reed, could you confirm that the Department's summary of your proposal is accurate.

MR. REED

I believe it is. I can't recall anything in it that is not precisely right although I think that the volume of annual lumber production was slightly under our projection.

MR. MCDOUGALL

Thank you. The second proposal was Levesque Lumber.

MR. INGLIS

Mr. Chairman, my name is Tom Inglis

MR. MCDOUGALL

Thank you Mr. Inglis. I think you were fairly specific in regard to the invitation for public participation. Did you want to say anything more on that point?

MR. INGLIS

Really not at this time. We feel that if there is an interest shown by the people in this area, we would like to, as I say, become involved with the local citizens of Alberta in order that they may participate with us and benefit from this operation. As to the exact amount that's something that is open for negotiation. We have no hard and fast rule on that.

MR. MCDOUGALL

Your proposal was of course specifically for the Whitecourt Block. Did you have anything further you wanted to say on that point?

MR. INGLIS

No, except that we thought that we could do a much better job by just taking a look at the one Block. We feel confident that we can perform to the satisfaction of the Minister and Government in that one Block rather than taking a look at the two. We felt that breaking the two Blocks up would, I think, employ more people in total. Because there would be two different organizations, there would be more employees involved, therefore more taxes and more revenue for the Province.

MR. MCDOUGALL

At one point in your presentation you mentioned the figure of 160 cords annually. I think you probably want to correct that.

MR. INGLIS

Yes, that should be 160,000.

MR. MCDOUGALL

The third point. Have you finalized financing arrangements?

MR. INGLIS

No we have not.

MR. MCDOUGALL

The fourth, are you prepared to provide deposits. You mentioned the figure of, I believe, \$24,000.00. Specifically would you be prepared to increase that figure fairly substantially?

MR. INGLIS

Yes, we would be prepared to do that along with consultation with your Department.

MR. MCDOUGALL

Have you determined what total revenues might flow to the Province from your proposal in terms of both royalty, local taxes and provincial income taxes?

MR. INGLIS

I do not have that information with me. I can provide it for you though.

MR. MCDOUGALL

Is there anything further on secondary benefits that you would like to mention at this time?

MR. INGLIS

I feel that it was fairly well covered in our proposal. I don't think we have anything further to add at this time.

MR. MCDOUGALL

And finally, could you confirm that the Department's summary of your proposal is accurate?

MR. INGLIS

It's accurate to the point of everything except the quantity of lumber and I think that should be increased to 80 million rather than 70.

MR. MCDOUGALL

Thank you very much.

MR. INGLIS

Thank you.

MR. MCDOUGALL

I believe the next Company was Fox Creek Lumber. Could you introduce yourself please.

MR. MEUNIER

Mel Meunier, Managing Director of Fox Creek Lumber.

MR. MCDOUGALL

Mr. Meunier, could you say anything in regard to the possible public participation in your proposal?

MR. MEUNIER

The machinery has been set up for our Company to swing into a public Company within five years.

MR. MCDOUGALL

At one point in your submission you mentioned a figure of \$4.5 million which I believe is one million dollars above the figure used in the Department summary. Could you elaborate on that please?

MR. MEUNIER

Yes, \$2.2 million of that total is the equity of the shareholders and \$2.3 million is the capital equipment required for the sawmill-planing mill complex only.

MR. MCDOUGALL

Total investment then would be \$4.5 rather than \$3.5?

MR. MEUNIER

That's correct.

MR. MCDOUGALL

Your proposal was specific to the Fox Creek Block. Did you have anything more to say on that point?

MR. MEUNIER

I would like to go into that in some length at Fox Creek if that would be O.K.

MR. MCDOUGALL

You don't wish to answer it at this time.

MR. MEUNIER

Well there have been several interesting developments which we could not have included in our February 28th proposal. We'll be making a different, not a different proposal, we will be expanding as to the developments which have taken place from February 28th to today.

MR. MCDOUGALL

Have you finalized financing arrangements at this time?

MR. MEUNIER

Yes we have.

MR. MCDOUGALL

Would you care to elaborate or would you rather not?

MR. MEUNIER

We have an offer of finance from Roynat Ltd. We will explore in the future, the possibility of finance from the DREE program as set up by the Federal Government.

MR. MCDOUGALL

In relation to performance deposits, have you worked out a figure that you feel would be a reasonable performance deposit in relation to your proposal?

MR. MEUNIER

We would hope that it would be comparable and run parallel to the performance deposits which we now have on our existing timber quotas in the area.

MR. MCDOUGALL

Have you determined approximate total Government revenues that might flow from your development including royalties, local taxes and Provincial income taxes?

MR. MEUNIER

We have not anything on the Provincial income taxes. The total royalty revenues via stumpage would be somewhere in the neighborhood of \$450 to \$500 thousand dollars depending on market conditions. The municipal tax assessment would be in the range of \$18,400 dollars based on an estimated assessment value of \$400,000.00.

MR. MCDOUGALL

Would you care to elaborate on secondary benefits that might come from your proposal?

MR. MEUNIER

We feel that by splitting the two Blocks into smaller areas and allowing for development down the road a little way, perhaps we won't be locked into a total use concept that might because of technological and environmental standards, become obsolete in five years and we would hope that by splitting it and allowing a bit of flexibility with our resource it will certainly enhance the betterment of the communities involved.

MR. MCDOUGALL

Can you confirm that the Department's summary of your proposal is accurate once the amendment to \$4.5 million is made?

MR. MEUNIER

Yes, with the exception of the \$3.5 million investment.

MR. MCDOUGALL

Thank you very much.

MR. STEELE

One more question, please.

MR. MCDUGALL

There's one specific point in reference to employment. Since you are already operating in the area, could you elaborate somewhat on the figures used in the summary as far as labour requirements go.

MR. MEUNIER

To what degree?

MR. MCDUGALL

Well in the summary we have stated that there were a total of 126 full time jobs created. There will be 316 jobs created, 126 at Fox Creek. There are an additional 316 jobs created in logging and forestry, 59 of those being year round and 257 being seasonal. We also noted at the bottom at the present time there are 55 permanent and 170 seasonal personnel. Did you want to elaborate on those numbers or do you feel they are correct as they stand?

MR. MEUNIER

We established those numbers by two methods, firstly comparing them to our existing operation and secondly on the expertise of a competent forester who is totally familiar with the Alberta logging conditions.

MR. MCDUGALL

That would give us then a net increase of 71 permanent jobs.

MR. MEUNIER

I'd have to check the figures. I'm sorry for that.

MR. MCDUGALL

If we take the 55 away from the 126.

MR. MEUNIER

That's right. You would have to add on the permanent jobs involved in the logging operations.

MR. MCDUGALL

Just a minute, could you get a copy of the summary then.

MR. MEUNIER

Yes, I could. Just a moment.

MR. MCDUGALL

Is it correct to say that if we take the 55 from the 126 we get an increase of 71 full time jobs at Fox Creek?

MR. MEUNIER

Yes it is, plus the 59 year round jobs created in the logging operations if you read down in the second paragraph.

MR. MCDUGALL

That's part of the 316. If we take the 170 away from the 316, we would get the increase in seasonal employment?

MR. MEUNIER

That's right.

MR. MCDUGALL

And to that we should add 59 permanent?

MR. MEUNIER

No. If we take the 126 plus the 59 less the 55 existing jobs, (the permanent) then if we take the 257 minus the 170 temporary jobs we would come to the right figures.

MR. MCDUGALL

I see. Thank you very much. The next Company was Weyerhaeuser Canada Ltd.

MR. MCINNES

Dave McInnes and I'm President of Weyerhaeuser Canada Ltd.

MR. MCDUGALL

Mr. McInnes, did you wish to say anything about public participation in your proposal?

MR. MCINNES

I can only speak in general terms. We have a substantial investment in Canada that doesn't show respectable earning at this point in time, but I fully expect we will be having or offering public participation in the Company not just in Alberta but in Canada.

MR. MCDUGALL

Would your Company consider a modification to its proposal to include just the Whitecourt or just the Fox Creek Block?

MR. MCINNES

I would suggest not. Two of the things that are critical to our proposal are first, the ability to separate the peeler content. This involves a fairly substantial separation or wood handling facility which has to be centralized in one locality. Secondly there is a limitation of peelable material and one of the functions of this separating or merchandising facility is to get all the peeler capability out of the resource.

MR. MCDUGALL

Thank you. Have you finalized financing arrangements?

MR. MCINNES

Yes, it would be partially, should we be successful, a DREE grant and internally financed Weyerhaeuser Canada.

MR. MCDUGALL

Are you prepared to provide substantial performance deposits in relationship to your proposal and can you give us some idea of what figures you feel might be reasonable?

MR. MCINNES

I think anything that would be requested, anything reasonable, I don't know, \$150-\$200 thousand dollars, I guess.

MR. MCDUGALL

Have you determined the approximate total revenue that might flow to the Province from your proposal, that is dues, local taxes, Provincial income taxes etc?

MR. MCINNES

We would prefer to answer that tomorrow.

MR. MCDOUGALL

Is there anything further you'd like to add in relationship to the secondary benefits that might result?

MR. MCINNES

I think the key issue in the presentation we've made is that it's essentially a value added process. It is very labour intensive. I suggest that plywood has a very high labour content in the manufacture of this particular product. Secondly the bi-product utilization in the flakeboard is just simply a value added on site and once again fairly labour intensive. It has its risks. There are some serious concerns involved in the market's ability to absorb this, but we are confident we can work that out.

MR. MCDOUGALL

Thank you. Could you confirm that the summary of the proposal is accurate?

MR. MCINNES

Yes it is.

MR. MCDOUGALL

Thank you. North Canadian Forest Industries.

MR. BICKELL

Roy Bickell, North Canadian Forest Industries.

MR. MCDOUGALL

Mr. Bickell, is there anything you would like to say in relationship to possible public participation in your development?

MR. BICKELL

I'd ask Mr. Bentley to answer that question please.

MR. BENTLEY

Mr. Chairman, my name is Bentley, I'm Executive Vice-President of Canadian Forest Products and North Canadian Forest Industries. Our Company is a private Company. It has never paid dividends to its shareholders and we are very pleased to say through the re-investment of our total cash flow, we've been able to grow with and in the communities in which we operate. If in this instance, it is the wish of the Minister and the Alberta Government that this particular project involve some public participation, that can be taken under advisement but it had not been considered in our planning because on the basis of not having paid dividends, it is not reasonable to expect the public to participate.

MR. MCDOUGALL

Thank you. Mr. Bickell, your proposal was specifically for the Fox Creek Block. Is there anything further you would like to say on that point?

MR. BICKELL

It was specific for the Fox Creek Block, only the reminder that a portion of the peeler logs would go to the Grande Prairie existing manufacturing facilities there. That would be all.

MR. MCDOUGALL

Have you finalized financing arrangements for your proposal?

MR. BICKELL

Mr. Longstaffe can answer that question.

MR. LONGSTAFFE

Ron Longstaffe, Vice-President Canadian Forest Products and North Canadian. Mr. McDougall, the financing for this project can be accommodated within our existing line of credit with the Bank of Montreal. In addition, as Mr. Bentley has pointed out, as our Company has never in its 35 years history paid any dividends, our total cash flow is available for reinvestment in projects such as this.

MR. MCDOUGALL

Thank you. Mr. Bickell, are you prepared to supply substantial performance deposits and could you give us some idea of what you feel might be a realistic deposit for your proposal?

MR. BICKELL

Again, Mr. Longstaffe please.

MR. LONGSTAFFE

Mr. McDougall, we would certainly meet any request of the Alberta Government with respect to deposit but we think as a suggestion that a deposit in the order of \$100,000 would certainly be in order.

MR. MCDOUGALL

Thank you. Have you determined the approximate royalty, local taxes, Provincial income taxes, in other words total revenue that might flow to the Province from your proposal?

MR. BICKELL

No we haven't exactly done it in that order, Fred, but I believe we could say that you are well acquainted with our history, our Company, and we would continue on the same basis and we did make the proposal that we would be paying the regulation dues under the appraisal system as applied to the quota holders and the main area of revenue for the Province.

MR. MCDOUGALL

Thank you. Is there anything you would like to say at this time about secondary benefits that might come from your proposal that hasn't already been described?

MR. BICKELL

No.

MR. MCDOUGALL

And finally, could you confirm that the Department's summary of your proposal is accurate once the addition of 19 jobs at Grande Prairie is made?

MR. BICKELL

Two minor qualifications perhaps Fred. First of all, under the bottom part of the caption entitled 'proposal' the words are 'and some major trunk road construction', 'major' meant major in use but minor in investment — investment being \$170,000 dollars and the second qualification, this does not include working capital. Thank you.

MR. MCDOUGALL

Thank you very much.

MR. STEELE

Thank you very much gentlemen and those in the audience. I think this would be a timely time to adjourn for lunch. The public, which are you people, will be invited right after lunch to submit your questions through the chair to the people that have submitted their proposals for any points you want clarification on. So we would like to adjourn for an hour and a half. Could we make it quarter to two please.

ADJOURNMENT

MR. STEELE

I think we're ready to proceed again. The next part of this session will be questions from the floor to the five Companies that have submitted proposals from anyone who wishes to address questions to them through the chair please. Would you ensure that you give your name and your association please.

MR. GIBSON

My name is Mark Gibson. I'm with Double L Realty here in Whitecourt. I'm a long time resident of Whitecourt and very concerned about its future. I would like to direct my first questions to Mr. Reed of Simpson Timber. The first question which is, do you feel that a foreign investment such as yours could better benefit the people of Whitecourt than a Canadian one?

MR. STEELE

Mr. Reed would you care to address yourself to the question? You can even use the same mike.

MR. REED

Maybe we could sing a duet as long as we're here. Well I don't view our investment, as you call it a foreign investment, any differently than investment from a wholly owned Canadian firm. The investment would be made to install the facilities, develop the resource, and manage the resource and that investment would be utilized and managed to benefit this area and the people employed and the future of the area. So I don't see it as any really different circumstance.

MR. GIBSON

Would the profits from this investment be returned back to this Province?

MR. REED

Well as I indicated in my original presentation, it's been the parent company policy to have only a minimum dividend program. The earnings of the parent company have been retained to provide for growth opportunities. In our Simpson Timber Company Ltd. Corporation at Hudson Bay, Saskatchewan there have been no dividends declared in 8 years. All the funds have been retained in Saskatchewan. It would be our anticipation that the same program would prevail here. Someone mentioned this earlier, having to do with the public corporation. If in fact a portion of the equity of our Company was made available to the citizens of Alberta or Canada, certainly some type of dividend would have to be initiated, otherwise you would have very little interest in public participation.

MR. GIBSON

Thank you. How much of your product would be exported from Canada?

MR. REED

We can't estimate precisely what that would be. The normal program that we would follow, which I think would really be dictated by economics, would be to try to serve the best market first and the best market in most cases is the closest market. I think there needs to be a recognition that the production rate of lumber in the Province probably right today is perhaps more than the Province utilizes, a substantial portion of the product from Alberta is exported to other Provinces of Canada and the U.S. and we would expect that our production would do the same thing. If I was going to make a guess, I would say probably about 60% to 75% would be exported.

MR. GIBSON

The cost of lumber being what it is today, could you offer the people of this area a two price system, one for say the people of Alberta and another for the people to which it is being exported?

MR. REED

Well I would certainly hesitate to try to propose that kind of a system. It is, if I could use the term 'bad economics' to try to accomplish that, you have to serve the market where it is and fortunately lumber and other wood products like plywood are sold on a very free competitive basis, basically as an option market and usually the buyer sets the price.

MR. GIBSON

Thank you. One other thing, would you support unionization of the labour force in your Company?

MR. REED

Do I have to answer that? I think with only two minor exceptions, all of our operations both in the U.S. and Canada are unionized at the present time. We leave that decision up to our employees. If they want to join a union, they join a union. We leave that entirely up to them.

MR. GIBSON

Thank you. According to the summary of proposals as outlined in the handout this morning, Levesque Lumber Company stated that they will be cutting approximately 80 million board feet of studs in multi-dimensional lumber each year, requiring 200 permanent employees right in Whitecourt and 100 in logging and forestry, 20 of which are seasonal. Simpson Timber stated that they will harvest 110 million board feet using 200 men in Whitecourt and 250 in logging, 100 seasonal. For a difference of 30 million board feet, why is it necessary to have 2 1/2 times the labour force?

MR. REED

I can't answer that. I don't know on what basis the Levesque proposal was calculated. We have developed the work force estimate based on a manning schedule for the two types of facilities we would install plus our expected requirements for logging and this is very closely calculated. I think that our number of employees in the manufacturing facility is very close, maybe within plus or minus 10 of the actual number and perhaps maybe it is a difference in product line, the type of manufacturing, I just have no way to compare it.

MR. GIBSON

Thank you very much. Mr. Chairman, if I could ask Mr. Tom Inglis of Levesque Lumber Company a few questions.

MR. STEELE

Yes, he's not of Levesque Lumber Company.

MR. GIBSON

Pardon me — Dynast — associated with Levesque. Mr. Inglis, if your proposal is accepted would your Company be willing to support community improvement and recreational projects?

MR. INGLIS

Most definitely we would. We've done that in the areas we are operating in now. We try to be good corporate citizens and work with the people in the community.

MR. GIBSON

Thank you. As I asked Mr. Reed, would you support unionization of your labour force?

MR. INGLIS

Again, it's up to the members of our staff. I might say that most of our operations in Ontario are unionized at the present time. If the employees so wished, we would go along with it.

MR. GIBSON

Thank you. Getting back to the proposal outlined in this handout this morning, how did you calculate the amount of labour force to total amount of board feet produced each year?

MR. INGLIS

We estimated it on the experience we've had in Northern Ontario and we feel that possibly the bush figure might be increased a bit here with the seasonal conditions of operating but the figures were arrived at using the existing mills and woods operations that we have in Ontario.

MR. GIBSON

It still appears that there is a big discrepancy for the 30 million board feet difference between your Company and Simpson Timber and like I mentioned before, the total difference is 2 1/2 times the labour force.

MR. INGLIS

Possibly ours is more mechanized. I don't know how they've calculated their figures but on the basis of ours, we feel that this is the number that we will require.

MR. GIBSON

Thank you very much. Could I speak to Mr. McInnes, Mr. Chairman please?

MR. STEELE

Yes.

MR. GIBSON

Mr. McInnes, I understand the total estimated development cost of your operation would be about \$32 million dollars over the period of time?

MR. MCINNES

That's right.

MR. GIBSON

Do you feel that a rapid development or boom in Whitecourt could be detrimental to the local economy?

MR. MCINNES

Yes we do. That's one of the reasons we scheduled the development over three years. It would then result in about 170 to 180 people employed over that three year period in the construction phases.

MR. GIBSON

Right.

MR. MCINNES

I think it would also allow the development of support such as housing, community facilities, etcetera.

MR. GIBSON

How did you calculate it, at what rate would be to the greatest advantage to Whitecourt itself?

MR. MCINNES

I think essentially the three year period. And it isn't just looking at what would be the greatest advantage to Whitecourt, it is what we would reasonably expect to build and phase one phase into the other. So there are two components.

MR. GIBSON

Right. Like I have asked the other two companies, would you support unionization?

MR. MCINNES

We're unionized and I'll give the same answer and I think it's a right answer. It really is up to the employees.

MR. GIBSON

Right. O.K. Thank you very much.

MR. STEELE

Thank you Mr. McInnes. The other two companies?

MR. GIBSON

That's fine. I just have questions for these three companies.

MR. STEELE

O.K. Thanks.

MR. GIBSON

One more question, Mr. Chairman to Mr. Trynchy if I might. Do you feel that Highway 43 could handle the additional truck traffic from the logging site to the mill itself?

MR. TRYNCHY

Well I was hoping that Highway 43 wouldn't have to handle the trucking of the logs, that they would be done on a complete new road system which is being proposed by the briefs here today.

MR. GIBSON

This would include additional bridges across the rivers and whatever is necessary?

MR. TRYNCHY

I'd imagine so, yes.

MR. GIBSON

OK, thank you very much.

MR. STEELE

Thank you very much. Who else do we have? Do you feel then that the submissions that have been made by the five companies have answered all of your questions?

MR. HAMLIN

Mr. Chairman, my name is Hamlin and I am a professional Engineer. I'd like to ask the two American Companies, the American owned companies, Simpson Timber and Weyerhaeuser, a further question, really a clarification of what they stated this morning, whether or not they rely on financial grants from Canadian tax payers in order to establish. I would like to direct that question both to Mr. Reed of Simpson and Mr. McInnes of Weyerhaeuser.

MR. STEELE

Mr. Reed is stepping up first.

MR. REED

I'd like to get a clarification of the question. Is this in reference to the DREE grant?

MR. HAMLIN

That would be in direct reference to the DREE grant.

MR. REED

Well, as I indicated, we have proposed that we would apply for a DREE grant to support this operation. Your connotation of the tax payers money for somebody else's operation, I guess we really haven't thought of it in those terms. It is in fact going to be a Canadian operation. It will be employing practically all Canadians. The income from the operation will be flowing into Canada and be used in Canada so I don't think that it's a mistreatment of the grant system that the DREE program provides. I think to again demonstrate, using our Saskatchewan operation, we employ somewhere around 240 people in Hudson Bay in the milling operation itself plus another 400—500 people in woods production on a primarily seasonal basis and we've had two employees that were not Canadians in that makeup and as also indicated earlier there is no removal of earnings from that operation and taken out of the country. It's all been kept in Saskatchewan and re—invested or held for re—investment in Saskatchewan or other parts of Canada.

MR. STEELE

Thanks. Mr. McInnes?

MR. MCINNES

Mr. Chairman, yes we have applied for a DREE grant. I think in a little different context I would agree with the comments of Mr. Reed, however, in addition, it is a marginal investment in some areas and I think this to a degree compensates for this particular feature of the grant. So we are applying for it and it is a part of our proposal.

MR. STEELE

Yes, next.

MR. LONGSTAFFE

Longstaffe, North Canadian. Mr. Chairman, could I ask, for clarification, which of the other four proposals are contingent upon receiving a DREE grant?

MR. STEELE

I would wish to leave that up to the other four companies to make their own statement on that. Weyerhaeuser has already made it, and Simpson. Could we have a statement from the other two please.

MR. LONGSTAFFE

Excuse me, Chairman. It wasn't clear from Weyerhaeuser's statement or from Simpson Timber's whether their proposal was absolutely contingent upon receiving the DREE grant or whether it was just additional monies that they were trying to obtain in order to lower their own direct investment. It wasn't clear whether they would go ahead with their proposals if DREE grants were not forthcoming.

MR. STEELE

Fine, we'll ask all four to make a positive statement in that respect then, please. Anybody want to volunteer?

MR. INGLIS

I'll start first Mr. Chairman. Our proposal is definitely dependent on a DREE grant.

MR. STEELE

Thank you very much. That's Levesque Lumber.

MR. REED (SIMPSON)

I think the question is a little bit difficult to answer in those precise terms. We have applied or indicated our intent to apply for a grant. We feel that it's fully qualified for such a grant. We would assume that, if granted this development opportunity, we would receive consideration and receive some benefit from that application. I think maybe I indicated earlier that we would in addition to the DREE grant utilize other sources of financing including funds from the parent company and other financial institutions. That financial plan has not been fully put together. We did not feel it was necessary to do so until the proposals had reached a state of some conclusion. If we are given this opportunity then we will complete our financing program and proceed, but to say whether or not it is totally contingent upon such a grant I can't really respond to that at this time.

MR. STEELE

Thank you. Could we have a Weyerhaeuser representative or Fox Creek representative speak on the question?

MR. MEUNIER

Our Company is not relying on the DREE grant for the development of coniferous timber in the Fox Creek Block.

MR. STEELE

Thank you Mr. Meunier. Mr. McInnes?

MR. MCINNES

Considering the magnitude of the investment, our Company has made a proposal contingent on the granting of a DREE grant.

MR. STEELE

Thank you very much.

MR. LONGSTAFFE

Thank you Mr. Chairman.

MR. STEELE

You're welcome. More questions, please.

MR. SMITH

Jack Smith, Economist. Mr. Chairman, I would like to direct three questions to each of the spokesmen for each of the companies. First of all what percentage of their total labour force do they anticipate to be of native origin? Number two, has each of the five companies investigated the labour force in both Whitecourt and Fox Creek and if so what is the current status of this labour force, if not where do they expect this labour force to come from? Thirdly, has each of the companies calculated the percentage of total development that will flow out of the Province for the purchase of goods and services.

MR. STEELE

I would ask that they reply in order of the presentation of their briefs, please. And if you wish re-phrasing of the question if you get lost along the way we'll help you out.

MR. REED

I knew there was going to be an advantage to being first on that list. In respect to native employment, again I am not equivocating, I think it's very difficult to try to predict what percentage of the work force is going to be of native origin. I think that this will develop as the opportunities develop. We certainly will encourage this kind of employment. I don't like to be playing the same record but I go again to Saskatchewan which has a similar type of opportunity and we've maintained in that area 10% or more in the manufacturing facilities. I don't know the percentage in our woods operations but it probably runs from 25% to 35%. We've also worked closely with the Government in developing training programs to improve the opportunities for native employment. If such an opportunity or need is evident in this area, we'd certainly be pleased to do so here.

The question of the employment work force in the area, I think I have to admit that our consideration has been somewhat superficial. We did talk to a number of people in the area, we've talked to Canada Manpower. We relate again to our experience in Saskatchewan. We believe that as new jobs are created and better jobs are created the employees will become available and the first source is the local source and where this is insufficient we will attract people from other parts of the Province or other parts of Canada. When we went into Hudson Bay there was a minimum forest products industry established in the area. We utilized a number of people who had been working part time in that kind of a job and they obtained full time jobs in the process. We also have people that are on our payrolls from Eastern Canada, I think some from Alberta and some from British Columbia.

As relates to purchases of, as I understand it, equipment and supplies outside of Canada, again I can't really answer that in specific terms because our vendors have not been totally identified. I would make an estimate that at least 75% of the machinery that would be utilized in our facilities would come from Canada and that's about as close as I can estimate it at this time. Did I answer the questions O.K.? Thank you.

MR. STEELE

Thank you very much.

MR. INGLIS

Inglis of Levesque Lumber. As far as the native employment is concerned, if you refer to our companies in Northwestern Ontario, we employ all native labour or local labour. We would certainly do the same here. We've already talked to the people of Whitecourt to find out how much of this force would be available in order that we would know how much that we would have to employ from the outside. We've spoken to Canada Manpower and we feel that with the people here we can pretty well cover most of it over the period of time that we'll be getting our operation going.

As far as the equipment is concerned, I would say if it is available in the Province of Alberta we certainly will purchase it in that province. If not, I would say the balance will be Canadian. I don't see us purchasing any outside of Canada. Does that answer the question?

MR. STEELE

Thank you very much. Mr. Meunier?

MR. MEUNIER

I find myself in a bit of a unique position here today because we do employ a goodly number of people in our operations. Presently we have 55 permanent people on staff and 170 seasonal so the influx of labour will definitely be a lesser problem for our Company, we believe. As far as the native labour origin or the amount of native labour we'll be employing, that will be directly dependent upon the amount that is available. In the past we have employed them as they come along. As for capital expenditures, the major equipment we are proposing for our coniferous sawmill will all originate from Canada.

MR. STEELE

Does that answer all the questions, Mr. Smith from that Company? Fine. Mr. McInnes?

MR. MCINNES

Speaking to your first point on native people, I would think it would be dependent upon the people available, the training available through Manpower and the internal training programs that we've had as a Company. I will have to refer again to areas where we have operations adjacent to fairly substantial native people populations such as Merritt and I would think as an assumption probably 60% of our logging force are Indian people at Merritt. I think that the internal training would offer the same opportunity to these people as any other prospective employee. In terms of evaluating the people available here and in the surrounding area we did have an evaluation of the technical skills within the Whitecourt area. They are relatively high in association with the oil industry. We have reviewed the Manpower statistics, particularly looking at the marginal farm populations and we've also looked at the professional capabilities in areas such as Edmonton to provide the engineering service and other such services required.

Speaking to the question of purchasing of equipment, I guess I'm inclined to the opinion that probably the best type of conversion equipment for this particular resource is made in Canada. For example, we spent approximately 10.7 million dollars at Vavenby one of our B.C. sawmills. We bought a planer and a trimmer setup outside of the country. This represented \$250,000.00. The rest of the engineering, contracting and equipment was purchased entirely in British Columbia.

MR. STEELE

Thank you very much. Mr. Bickell?

MR. BICKELL

Roy Bickell, North Canadian Forest Industries. The first question presented, native labour, I think there are two connotations here. A native being of perhaps Indian extraction or a native to the area and I would like to comment in both areas. First of all on Indian extraction. No specific plans, but we have natives involved in both the Grande Prairie and Hines Creek operations and in Grande Prairie in both the lumber and the plywood operations. They are very good workers. We have licensed graders. We have a training program that some of them worked through in our logging program very recently with the Grande Prairie College and that's been successful. So we would plan things along those lines but no specific numbers naturally could be given. As far as the labour force being from a local area is concerned we've talked to Canada Manpower but we've used our experience at Hines Creek as our major measuring stick. We went into Hines Creek in 1969. It's a

community, as their Chamber of Commerce says, of 400 people. We've established an operation there with 185 equivalent year round employees. We have no problems whatsoever. Fox Creek is slightly different from Hines Creek in that the agricultural community is not adjacent to the town but we are not concerned about that. We believe that a number of people will be attracted as residents of Fox Creek for the full time employment and some will commute from the outlying farming area, as they do in Grande Prairie for distances of up to 40 and 45 miles.

On the total goods and services, I believe the gentleman's wording was 'goods and services', of a capital nature I would have to say nearly all Canadian. I couldn't say all Canadian. There could be a specific debarker or a specific chipper that for best utilization standards would have to come from outside of the country but with the exception of some minor point like that, I would say all Canadian. Concerning goods and services on our regular basis, our policy is to always buy as local as we possibly can. Thank you.

MR. STEELE

Thank you. Are you satisfied that the questions have been answered adequately, Mr. Smith? Thank you. Additional questions?

MR. ROBISON

This is Jim Robison, private citizen. I have two questions, one for Mr. Inglis of Levesque and that is that in their presentation they specified a three dollar per acre rental and 40% stumpage. I was curious as to why the difference and what does this land rental imply as far as their control over the land is concerned.

MR. INGLIS

Sir, would you repeat the question because I don't quite understand it.

MR. ROBISON

In your presentation you specified a three dollar per acre rental and 40% stumpage which was different from the other presentations and I was curious as to why the difference. What does this land rental entail as far as control, the looking after of the multi-use purposes?

MR. INGLIS

I would like to ask our Forester to give you the answer on that please.

MR. BLIGHT

My name is George Blight, Forester for Levesque Lumber. I believe the three dollar land rent is a standard charge that agreements have in the Province now and for stumpage 40% is our minimum offer for the coniferous timber. For the multi-use I think we have stated in the proposal that we would be cooperating with all users of the forest.

MR. ROBISON

Mr. Reed of Simpson's referred to other users and programs and recreation, etcetera. I'm under the impression that their Company in the States is quite active in this regard. I wonder if he would comment on that.

MR. REED

I think if I just clarify the question. Are you referring to what has been our practice on offering lands available for recreation purposes and public use?

MR. ROBISON

I was referring to hunting access and fishing access, etc.

MR. REED

Our Company owns close to 600,000 acres of land, about 250,000 acres in Washington and about 280,000 acres in Northern California. These lands have been open under Company policy for many years for access by the public for the purposes of fishing, hunting, berry picking and other forms of outdoor recreation. The only restriction that we have had on our properties is to limit public traffic in heavily concentrated operating areas for safety purposes. Much of this work that we do in having any kind of regulation at all is in conjunction with either the U.S. Forest Service or the State Forestry Departments of the States in which we are operating. Basically our policy has been to maintain open access for hunting, fishing and other forms of recreation that do not entail permanent developments or long term occupancy. I might add that in California we, along with other members of our industry have organized a recreation association which is a semi-formal recreation program where we promote the use of the lands for this kind of activity. This includes sign posting, the designation of camping and picnicking areas, providing brochures to the general public to be picked up in metropolitan areas so that they know where they can go and what the activities are that they can enter into in those areas. So our program over the years has been very definitely one of offering our lands for public use for recreation purposes.

MR. STEELE

Thank you Mr. Reed. I wonder if I could emphasize that it's rather difficult to pick up the names of some of the people that are asking questions and would they enunciate their name as clearly as possible or spell it out so we don't write your name wrong in the proceedings. We didn't catch the last name. Robison?

MR. ROBISON

Jim Robison.

MR. STEELE

Thank you. Could we have further questions please. Can I repeat that this meeting is for your benefit and if there are any points at all that you would like to inquire of the applicants, this is the time to do it. There will be another opportunity tomorrow but we would like to hear everything as much as possible today also.

MR. BANIULIS

Mr. Chairman, I would like to address this question to the Minister. When is it expected the Government will be bringing down their decision on which proposal will be acceptable? This is Barry Baniulis, Whitecourt Star.

DR. WARRACK

One thing we're going to try not to do is bring down anything. We want to look at all proposals such as those before us today in terms of a Government-community relationship so, in that sense, not bringing down anything but rather trying to provide as much joint consultation as possible in the decision making process. I think it would be fair to say that, looking back over the planning and some of the basic decisions already made, the request for proposals, the presentation of them and initial analysis with clarifications asked, working to the point now that is about one year after the process began, we would likely be somewhere between 2/3 and 3/4 of the way through to the final decision process. In other words if everything fell into place in an extremely good way it would, I suppose, be a minimum of two to three months with respect to a decision but it's highly likely that it would be somewhat later than that.

MR. STEELE

Thank you Dr. Warrack. Are there further questions? Yes?

MR. STRATTON

Mr. Chairman, Paddy Stratton, President of Whitecourt Chamber of Commerce. I'd like to direct this question to Mr. Reed of Simpson, Mr. Inglis of Levesque Lumber and Weyerhaeuser, Mr. McInnes. Are you prepared to build your mill or your plant in the boundary of the town?

MR. INGLIS

Inglis, Levesque Lumber. We would be willing to build it within the boundary of the town. That was our intention unless the people of Whitecourt would rather that we built it outside of the town but if there is property available, we definitely will build it in the limits of the town.

MR. REED

In answer to that question, we don't have a preference of either being in or out from a standpoint of operations. What we would like to do is to find the most suitable site and utilize that for development of the facility. We do have some site alternatives and options that we've been looking at and frankly I'm not sure whether they are within the town boundary or not. But our intention basically is to find the best site and utilize that. It has to be of course accessible to the railroad, it has to have reasonable access to the public highways and it also has to be in a position where we can bring the timber roads from the forested areas into that same site as off-highway roads. So this may create some restrictions as to just precisely where it might be placed.

MR. STEELE

Mr. McInnes

MR. MCINNES

Mr. Chairman, my answer would be similar. We have a very large space requirement, log storage and plant site itself, also the added requirements of rail access, private road access, etcetera. We have no preference one way or the other. We are looking at an area that is both in and out. We have looked at it and I might comment it's been my experience that each time we build a plant anywhere near a village or city it somehow gets included.

MR. STRATTON

Thank you gentlemen. Thank you Mr. Chairman.

MR. STEELE

Thank you. Are there further questions?

MR. REED

I don't have a question but I would like to make a clarification on a couple of questions that were posed earlier. One having to do with native employment. I interpreted the question as relating to Indian extraction and this is the reason I answered it in the way I did. As far as employment for people living in Alberta or of people in Canada we hope that about 99 and 9/10% will be Albertans or Canadians from other provinces. The other question having to do with goods and services, I've indicated at least 75% of the equipment would be purchased from Canada and I would like to add to that, that looking at the equipment configuration that we have in mind, we're pretty sure that most of it will be available in Canada and it would be our intention to purchase from Canadian producers. We have excellent sources of equipment which are very adaptable to the timber that is here. In Hudson Bay, the only exception I think of non-Canadian produced equipment has been the planer mill. As far as services are concerned I would think that this probably will be 100% Canadian.

MR. STEELE

Thank you Mr. Reed.

MR. GIBSON

Mark Gibson, Whitecourt. Mr. Chairman, I would like to direct this to all the Companies proposing mills in this area. What, if any, training programs do these companies have?

MR. STEELE

Could we take them in the order of the presentations?

MR. REED

Well, in our Company we have a number of training programs aimed at a number of different purposes. We have technical training programs, supervisory training programs, we have personal development programs to allow all people no matter what their current skills are an opportunity to improve their ability so that they can qualify for better jobs. Some of this is in-plant type of training some of it is formal outside the Company. We have a substantial effort within the Company to have a continuing training program opportunity for anyone who wants to take advantage of it. We have the same type of thing going on in Saskatchewan and it would be our intention to do the same thing here. Training, of course, offers twofold benefit. It benefits the employee and also benefits the Company and it's a good investment on our part and it certainly creates a much better employee program where the employees are more satisfied with their jobs and they can continue to improve over time.

MR. STEELE

Thank you. Mr. Inglis?

MR. INGLIS

Our Companies have experience and will continue to have on the job training which we carry out now in Ontario in conjunction with Canada Manpower and we have found this to be very successful. Usually in this training program we subsidize the people that are taking this to upgrade them. We train our millwrights and our filers usually through the local college which puts on the course and the graduates from there are usually sent by the companies and they return to the operation. We feel that by having this formal type of training, they can better serve our needs and it has been set up in Ontario and has worked very well. As far as our graders are concerned we usually have them trained at one of the local mill sites by our local Ontario lumber manufacturers' association which controls all grading of lumber. Their supervisor comes out and trains our graders on the job.

MR. STEELE

Thank you Mr. Inglis. Mr. Meunier?

MR. MEUNIER

Our Company is on a continuing training program with the majority of our operating personnel. In view of the large number of people required we would look to Canada Manpower for assistance in the training program. We also look forward to bringing people out of the Grande Prairie college which I understand is doing a fantastic job in that area.

MR. STEELE

Thank you. And Mr. McInnes?

MR. MCINNES

Mr. Chairman, we have technical training programs specifically relating to saw filing, millwrighting. We are presently offering a planerman's training program. On occasion we have been assisted in these specific programs by Canada Manpower. Internally we have a supervisory first line training program. This allows the individuals within the Company to progress and it offers tremendous advantages to the Company itself. In the more senior positions we've rotated both geographic locations and types of training.

MR. STEELE

Thank you. Mr. Bickell?

MR. BICKELL

North Canadian's experience in Grande Prairie and Hines Creek provides under the heading 'Supervision,' an ongoing training program which permits promotion from within and I'd be able to say within Grande Prairie where we have quite a few hundred employees that myself and 99% of our people are Grande Prairie residents and trained from within. We have training programs for crane operators, graders, and a safety program. We cooperated with the Grande Prairie College in getting a really good system off the ground in the last 18 months. We supply woodlands equipment in off-seasons, without charge and we've guaranteed to take certain numbers of the graduates to make sure that the system has an appropriate ending. We have general job training in all positions in the plants. We have a training program for filers. We arrange tours, the interchange of knowledge with various other affiliated firms. We have constantly an excess, I shouldn't use the word excess today, of forest technicians and foresters to always be on top of our forestry programs. In the apprenticeship training program, in cooperation with the Provincial Government, we provide full pay while in trade school for carpenters, electricians, mechanics, steam engineers, pipe fitters, millwrights, mechanics — automotive and heavy duty. For the time in trade school they receive full pay. I think that's the majority of our training programs.

MR. GIBSON

Thank you very much. Mr. Chairman, one other thing. To return to local investment again, which of these companies and at what time would they be prepared to go public or to allow investors in whatever particular area it was to buy shares in their company.

MR. STEELE

I believe some have already covered that point but I would ask them to state it again please, in the same order.

MR. REED

I think in the earlier discussion of this subject I had indicated that the company was certainly interested in offering of public participation in the corporation that's established to operate this timber development. The precise timing of when that could occur cannot be anticipated or committed to. It has to be certainly controlled by the circumstances that are prevailing. One being the performance of the operation itself, secondly the general economic conditions which would encourage local investment and certainly it could not take place, in our viewpoint anyway it's not appropriate to take place, until the operation is on its feet and is running and has a track record. Otherwise you cannot really indicate to the public investor what he is going to be investing in. If I was to make a guess as to when this could occur I would suggest that probably within 3 to 5 years of the start of the operation.

MR. STEELE

Thank you. Mr. Inglis?

MR. INGLIS

In answer to that question I think we brought it out fairly clearly and I would like to say if the Minister in his judgement rules in our favor on the Whitecourt block we'll be prepared to come immediately back to discuss the proposal with the local citizens and they will be able to participate from day one as far as we're concerned.

MR. STEELE

Thank you, Mr. Meunier?

MR. MEUNIER

Again we have covered briefly our intention on this. It is our intention and we have set up the structure of our Company within which we can in three to five years consider the move and as stated before we would require a favorable track record before we could really move on this but it is our sincere intention.

MR. STEELE

Thank you, Mr. McInnes?

MR. MCINNES

Mr. Chairman, I am unable to predict but it would depend on the financial pattern evolving from the progress of the Company. There is no way to determine. You must have a track record.

MR. STEELE

Thank you, and Mr. Bickell or Mr. Bentley?

MR. BENTLEY

Bentley, North Canadian Forest. I think we did answer that same question this morning. I'll try and repeat it. We are a 100% Canadian Company. We therefore don't need additional Canadian participation for any purposes. We do have our financing so we don't need public participation to finance a venture and we have no plans at this time to bring the public in. I said this morning that we have never paid dividends and on that basis I don't think it would be that attractive because we've used our entire cash generation and cash flow to re-invest for expansion in Canada. However, I also added this morning that, should this become a matter that the Minister would wish public participation in, it will be taken under advisement if so directed. Thank you.

MR. STEELE

Thank you.

MR. GIBSON

Thank you very much Mr. Chairman.

MRS. THOMSON

I just have a technical point for Mr. Reed of Simpson.

MR. STEELE

Your name?

MRS. THOMSON

Eleanor Thomson. As Simpson and Weyerhaeuser are making application for both the Fox Creek Block and the Whitecourt Block, I wonder Mr. Reed if you plan to locate any of your logging and forestry personnel in Fox Creek at all. Weyerhaeuser in their statement has said that they plan to locate one third of their logging and forestry personnel in Fox Creek.

You didn't make any such statement. Would you care to make some type of an explanation on that?

MR. STEELE

Thank you. Mr. Reed?

MR. REED

In respect to the logging program and logging personnel, as I indicated, or Mr. Brocard did in the earlier presentation, we plan to utilize contractors, independent contractors, to produce the wood for this facility. We cannot therefore say specifically how many people are going to be located in Fox Creek because we assume that the contractors and their employees will be making that decision themselves. From a logical viewpoint though we believe that most of the contractors producing wood from the Fox Creek block would in all probability be centred in the Fox Creek area, and this would relate to an allocation or distribution between the total of probably 20% to one-third, certainly as a potential. As far as the forestry staffs are concerned we had not given this enough consideration to say precisely how many people from our forestry staff and engineering staff would be in Fox Creek. We would be working quite heavily in that area, in both road development and forestry programs and again I would say that we would have a portion of the staff in that area. We would like to perhaps add for the record at a later date a more precise estimate of the number of personnel that might be in the Fox Creek area. We can do a little research on that and make an estimate.

MRS. THOMSON

Thank you.

MR. STEELE

Thank you. Do we have further questions?

MR. OLECKO

My name is Horace Olecko, I will direct these questions to the panel if I could, please. The first question is with regard to Highway 43. Will you be allowing transportation of timber on Highway 43? Secondly, what will be the regulations on timber near streams and lakes? and will a Provincial Park be set aside out of these two areas? Third question, depending on the selection, what are the Government's plans on managing the two areas? In explanation, will you have offices located in Fox Creek and Whitecourt?

MR. STEELE

I'm going to ask Dr. Warrack to handle those questions and Dr. Warrack if you need some help with respect to stream and lake protection, we have ground rules and I think Fred might know most of them off by heart, I'm not sure.

DR. WARRACK

Thank you. I'll try to give a good answer to the first question on behalf of Mr. Copithorne, Minister of Highways. With respect to highways I think that the answer that needs to be given is a pretty precise one in terms of the gross vehicle weight maximum which I understand to be 72,000 pounds and also that the length of hauls that would be on Highway 43, like any other comparable highway in the Province, would have to be in terms of the maximum lengths allowable for safety sake on the public highway. I think that those would be the two items that would answer that question for you with respect to Highway 43. At the same time however I draw your attention to Mr. Trynchy's earlier answer with respect to the contemplation that most of the hauling would be done on off-highway roads that would be a part of the development and construction of the timber resource areas themselves by the companies.

I'll answer partially the second question with respect to the protection of streams and probably you're thinking partly in terms of the value of an area for watershed purposes as well. The problems that can possibly arise of course revolve around erosion and around problems of the trees being near enough and high enough, if you like, to provide shade to streams. Substantial siltation in streams and increased temperatures in streams, due to lack of shade result in a loss of proper fishing habitat. You get a different kind of undesirable course fish. In relation to these matters, I would take the opportunity to point out that we have a major study underway at this time on the existing forest agreement areas in the Province of Alberta that has to do with timber harvesting techniques, forest regeneration adequacies and directions and trends and new opportunities for handling these forest regeneration activities. That study is looking at the allied activities with respect to possible erosion sources and so forth that would be related to the timber harvesting development. We expect the results of that study during early fall and that it should be very, very helpful for us as we look at our present operating guidelines and assess what changes if any, should be made to protect the concerns that you express. At the same time I'd ask our Timber Management Branch and Mr. Fred McDougall to comment on the operating guidelines that we have now in regard to your question.

MR. STEELE

Could we just hold for a few seconds while we change tapes?

MR. MCDUGALL

To continue in response to Mr. Olecko's question concerning stream side reserves and lake reserves, existing forest management agreements in the Province have provisions whereby lakes with recreational potential, as determined by the Department of Lands and Forests, have a reserve area delineated on a map by the Department and logging is not allowed within the reserve area except under the very strict controls of the Forest Service or not at all. On other lakes over 40 acres at the present time there is a buffer area of five chains, these are lakes without significant recreational potential, but which exceed 40 acres in size. Along major streams and rivers there is a five chain no cutting area delineated; along secondaries but still year round streams there is a 1 1/2 chain or 100 foot buffer area within which no tree removal is allowed. On all rivers and streams there is no equipment allowed within 66 feet of the stream bank and in regard to road standards there are standards set designed to minimize and prevent wherever possible stream siltation. So where those standards are met in their entirety there are already fairly rigid controls. As Dr. Warrack has mentioned, they are under review at the present time.

MR. STEELE

Fred, would you answer the last point too, about the management process for the areas.

MR. MCDUGALL

I'm not exactly sure what Mr. Olecko had in mind but under a forest management agreement the agreement holder is responsible to develop plans both of a long term nature, which are called management plans, and of a short term nature which are termed annual operating plans. All of these plans are subject to the approval of the Department in detail and approval has often been, and is withheld wherever the Department feels that the plans do not provide adequate protection to stream and lakeside reserves. I think most of the proposers here today have outlined that they are prepared to proceed with the expense that is entailed with developing these kind of management plans and in most cases starting off with a detailed forest inventory and rephotography of the area, etc.

DR. WARRACK

There's the one remaining portion of the series of questions posed and that had to do with the suggestion of a Provincial Park that would be a part of the area, as I understand it, that's under consideration today. There are throughout the Province and in this area a number of land areas that are held under what is called a recreation reservation. These are recreation reservations because of the high recreation potential of the land that is included within them. Of course not all of the recreation reservations eventually become Provincial Parks and occasionally Provincial Parks are established on lands other than those held under recreation reservation. I think the important point posed in response to the question is that these recreation reservations will be respected in the development of the proposed plans here before us today and these matters have been taken into account in the development of the inventory information on which the proposals are based.

MR. STEELE

Thank you. Does that answer the questions?

MR. OLECKO

Quite well with the exception of the facilities for management. Are you anticipating any staff expansion in Whitecourt and in Fox Creek with regard to Forestry personnel?

MR. STEELE

As you know we have a centralized ranger district at Fox Creek now and we have a Forest Headquarters in Whitecourt. As we are planning in other areas where the timber development has expanded, we will add necessary staff to ensure that the operations are adequately supervised. To my knowledge, we are contemplating one additional ranger at Fox Creek, almost immediately. Dick Radke can correct me if I'm wrong, but in other areas such as Grande Prairie for instance we are adding additional staff as required.

Do we have further questions?

There will be a general discussion period later on if necessary. We have an indication that there will be nine briefs presented from interested people at this time and I have them recorded roughly in the order in which I received notice that there would be briefs proposed. I think we should move on to those now. I don't want to forego any opportunity to ask additional questions but perhaps we should proceed with these other briefs now and later on get back to any other additional questions that you may wish to address to the applicants.

The first one I have on the list is the Alberta Fish and Game Association and Elmer Kure, I believe, is going to present his brief representing the Association at this meeting only and will not be presenting it tomorrow at Fox Creek.

MR. KURE

Mr. Chairman, Mr. Minister, Ladies and Gentlemen, I am impressed with the attendance at this meeting. It appears that there is a great deal of eagerness on the part of developers, Government and the Towns in this area to have development. I'm sure that there's an undercurrent of wondering in the area too, and to this end I represent the Alberta Fish and Game Association. We have over 20,000 members. In the Town of Whitecourt we have an active association, affiliated, of the 120 clubs that affiliate with us, also a club in the Fox Creek area.

I believe that it is necessary for us at this point in time to express the concerns of other resource users, other groups and individuals when we talk about development. I was impressed of course with the presentations this morning and how the applicants are quite in harmony with the objectives, and I believe they indicated, if I'm not mistaken unanimously, their willingness to conform to good sound management principles. I'm of the opinion at this point too that it then becomes a matter for Government to respond to those types of principles that the public interests of other resource users of this Province feel are in need of

some special measures. Mr. Chairman my brief is not a lengthy one. I have presented the available briefs that I had with me to Mr. Steele and I believe he has nine copies, should one or all of the developers feel that they would like to have a record of the presentations made here today by our Association. We have expressed three main concerns; a long term commitment on large blocks of public land, in this case 1,694,000 acres or 2,646 square miles of public owned land in Alberta. Secondly the ecological and environmental impact and the conditions of those commitments and the effect on other resource users during and after the development has occurred. To this end I would briefly go through the matters that we have dealt with in our brief.

Our Association is extremely concerned with the apparent attitude the forest management people both in Government and Industry that production goals have priority over land management and other resource concerns. Unless conditions of such large, long term commitments as proposed recognize the need to integrate other resource users and protect the land base, only conflict will result. The proposal to harvest timber resources in this area would appear to be an acceptable use of a renewable resource and it is not our intention to oppose such use. It is however our responsibility to request conditions of this commitment that will protect other important renewable resources of the area and avoid or minimize dislocation of those resources. To this end, Government and Industry objectives and priorities must be made clear before development approval is given.

Our Association has undertaken to acquaint its members with the facts and results of timber harvest in Alberta and for this purpose commissioned a study in 1972. Mr. Chairman, I have a copy of the consultant's report with me, I would like to table it at this Conference for your disposal. They are available also in copy form from our Fish and Game Office in Edmonton, Alberta. We believe the report has some good recommendations in it that could be persued or may be of interest not only to Government personnel but also to developers in this field of forest management. A general condition of all timber harvest permits which has as its goal the maintenance and improvement of fish and wildlife habitat and populations as well as access to these public owned resources will avoid most conflicts. This basic goal will by nature insure minimal dislocation of other resources, protection from erosion on waterways and ample margins of cover along lakeshores and fragile areas. I realize this topic was just asked as a question and I was pleased to hear the Minister say that a further study of this nature on these matters of concern that I am expressing here is underway and will appear likely as conditions of the lease.

Under our recommendations

1. We ask for management of all Crown lands in Alberta whether under forest management or not. The lease or commitment must recognize the importance of the wildlife, scenic and recreational qualities of the area.
2. Protection of the environment of the area must be a condition of lease, stating minimum margins of tree cover which must be retained along streams, roads and lakes, maximum width of a clear-cut based on the gradient and paralleling slope, and the pattern of the cut so as to minimize dislocation of wildlife as well as the activity of noisy machines.
3. Removal of surplus slash in a manner that will shorten the rehabilitation period and the time when other resources and users may be dislocated.
4. Reforestation planning which considers use of food varieties for wildlife should be a condition of the lease so as to imply that the forest harvest user might improve some game area in return for the time period when he occupies public land to the exclusion of other users.
5. Co-ordination of resource managers, i.e. Forestry, Fish and Wildlife and Environmental staff with the developer must be agreed to before the granting of the lease to develop.
6. Adequate financing or stumpage levy must be effected to meet with standards and conditions to avoid conflict and later appeal, in the event of the developer being negligent in the use of the lease privilege.

7. No privilege of a lease should exclude users of other resources from an area on public land or create a burden to the public purse because of that commitment. In conclusion Mr. Chairman I would simply say that while some of these questions have been dealt with, I would like to leave them as a record of our Association and affiliated clubs.,. Our Association takes the view that each individual or corporate user of our resources is responsible for his actions and must respect nature and each other. We hope all resource users and managers will co-operate in this objective. This is the brief, Mr. Chairman and I would submit that it has been a pleasure to attend. As the Chairman has said, I will not be appearing at the Fox Creek hearing and this presentation will I believe suffice as presentation for the two blocks of land that are under disposal for timber management. I thank you Mr. Chairman.

MR. STEELE

Thank you very much Mr. Kure. The next one I would call on is the Fox Creek Industrial Development Board, Mrs. Kneller, if she is here.

DALE PALMER

Mr. Chairman, Dale Palmer, from the New Town of Fox Creek Industrial Development Board. We are going to withhold comment on our proposal until tomorrow, but I do have an announcement I would like to make. I believe it was announced in the Edmonton Journal and possibly even the Whitecourt Star that the hearings would be held at the Community Hall. They will be held at the school auditorium instead. This is tomorrow in Fox Creek.

MR. STEELE

Thank you very much. That was a late change because of the anticipated number of people attending. I don't think there should be too much difficulty finding the new location.

The next brief is from Mr. R. J. Derrick of Fox Creek. Is he here? I understood he only intended to present his tomorrow. He's not here, fine. We'll hear it tomorrow then.

The next one on the list is Western Construction and Lumber Company Limited.

MR. MILLAR

Thank you Mr. Chairman, Honourable Minister, Ladies and Gentlemen. My name is Mac Millar and I am here today representing Western Construction and Lumber Company Limited.

I think that to most of you here the name Western Construction is well known. Our firm has been in the Whitecourt area cutting timber since 1923 making this year our 50th anniversary in Whitecourt. Over these past fifty years there have of course been some good times and bad times, but even during the losing depression years we were able to continue employing people here and the town and Western managed survival together.

We have at the present time found ourselves in a difficult position and I will attempt to explain it to this meeting. For over the past 20 years we have been endeavouring to raise our production to the point where we could operate our mills on a year round basis. As early as 1950 we applied to the Government to be granted a forest management agreement not entirely dissimilar to the one being discussed today. We were turned down. During the period of 1956 to 1966 on several occasions we requested more timber. At that time the Government was in negotiation with various companies concerning a possible pulp mill and they did not wish to release any timber for sale in the area.

In 1966 a quota system was established based on the previous four years cut of each of the companies in this area. Obviously at that time we did not get the quantity of timber that we would like to have had due to the fact that we were restricted during those past ten years. After several adjustments we are at the present time left with a quota of 16 million feet a year.

When we received news of the present timber management offer we immediately had a meeting with the Government and at that time expressed our fears that there would not be enough sawlog material left available for present sawmill operators in the area.

After this meeting we became convinced that the Government was determined to pursue the present timber management agreement. When we studied the request for proposals it became apparent that a very large investment of people and money would be required. We felt that the size of the plant that would be required to utilize the timber resource offered would be so large and expensive that for us to do it alone would be impossible. We therefore began to develop a proposal together with a partner who had sufficient funds and technical know-how. We worked with this partner for several months and spent much time and effort working out an agreement with them. Our partnership agreement included a clause, and this was important to us, that provided Western's present Whitecourt mill with a large enough supply of sawlogs that the mill could up its production to allow for a full year round operation. Unfortunately at the very last minute the board of directors of the parent company of our partner we were dealing with vetoed the proposal. Were it not for this decision, which was a surprise and disappointment to our partners we would surely be submitting a proposal today to this meeting.

However this is water under the bridge. Our problem is simply this. Restricted to a quota of 16 million feet we will not be able to work our plants on a single shift year round basis. Our mills will produce approximately 2 million board feet a month. At this rate 16 million board feet will keep us going about eight months. We can generally employ the men for about one month after the season to do repair work and cleanup. This leaves our men faced with a three month layoff every year. When the large operator, who is successful in getting this timber management contract enters the labour market in the Whitecourt area offering year round jobs, no doubt we will experience a drastic loss of men. We feel that in order to attract men we must offer year round employment and in order to do this we must have a minimum amount of 23 million board feet of raw material. We have no objection to the present proposals for a large forest complex. What does concern us is that we need at least 7 million more board feet a year to enable us to reach an economically viable size. The question has been asked why do we not go out and buy quota now? The simple answer is that there is just no quota available for sale today. People holding quota in the area seem content to wait to see who gets the proposal. We fear that once a large multi-million dollar operator is installed in the Whitecourt area we will have a very difficult time outbidding them for any quota that becomes available.

The suggestion has been made that we move into the utilization of smaller diameter wood. This is not a real solution to our problem due to the fact that we produce only one inch boards in wide widths. We are unique in Alberta, in fact being the only pure board mill. To produce boards we must have large diameter sawlogs.

In the past few years we have spent a great deal of money modernizing our present mills towards the end of maximizing recovery from each tree. The year before last we added chipping equipment and this year plan to add a new chipper-edger which will minimize waste. We are the first people in the Whitecourt area to have added a pollution reducing burner. Our record with the Forestry Department is a good one. Our reforestation program is on schedule and proving to be a success. In general we feel we have been good corporate citizens of Whitecourt.

We do not propose to put forth solutions to our problem at this meeting. We do request that our situation which we view as a rather desperate one, be kept in mind and some solution worked out before there is a massive allocation of our timber resources here as Albertans. Surely after over 20 years of requesting more timber we may get a favourable reply now. We are an Alberta Company owned and operated by Albertans employing Albertans for over the last 50 years. We do not feel that a request for an additional 7 million board feet of quota is an unreasonable one.

MR. STEELE

Thank you Mr. Millar. The next one I have on my list is the East Smoky School Division No. 54. Is someone here representing that group? I assume we will hear it tomorrow then. Mrs. Eleanor Thomson?

MRS. THOMSON

I will be giving my presentation tomorrow.

MR. STEELE

Fine, thank you very much. The Town of Whitecourt, Mayor John Dahl.

MR. DAHL

Mr. Chairman, Honourable Minister Dr. Warrack, Mr. Trynchy, M.L.A., members of the panel, representatives of industry and ladies and gentlemen. It is my pleasure today to present the submission of the Town of Whitecourt on behalf of the residents of the Town. To the public hearing regarding the development of industrial expansion adjacent to Whitecourt and utilizing natural resources available in this area.

The Town of Whitecourt is extremely pleased that the Provincial Government has seen fit to offer natural resources in this area to industrial expansion and to allow the utilization of the natural resources and the Town welcomes any industry that may establish industrial development in or near our Town and offers to the employees of that industry the services necessary for wholesome and enjoyable living. Whitecourt is a fully modern community offering a complete line of amenities, including educational, recreational and social opportunities. In 1961 the Village of Whitecourt was incorporated as a New Town under the direction of the Department of Municipal Affairs, Government of Alberta, in anticipation of large and fast expansion due to the petroleum industry. This New Town status was maintained by Whitecourt until December 31, 1971 at which time the status was changed from New Town to that of regular Town. At that time and for the first time since 1961 the municipal government of Whitecourt was elected completely from residents and citizens of our town; Whitecourt has enjoyed a substantial amount of expansion and development annually, and consequently has offered an ever increasing amount of public services to those people residing within our Community.

The Town has for sometime now operated a special activity land fund through which the development of residential sub-divisions takes place. The Town presently owns the major portion of all developable residential land which includes approximately 400 acres, equally divided between the hilltop and downtown areas. Through the operation of the Special Activity Land Fund, the developed land is sold at cost and through this method the Town controls the selling price of all residential land within our Community. Furthermore, speculation on town owned land is controlled through the Land Sales Guideline Policy, which does not transfer title to purchaser until development is 30% complete in the estimation of the Town.

The educational needs of the residents of our Community are met in co-operation with the County of Lac Ste. Anne School Committee. The town presently has a Public Elementary School in the downtown area covering Grades 1 to 6 and a Separate School for elementary Grades 1 to 6 in the hilltop area. In addition to this the Junior Senior High School is located in the hilltop area and offers a complete line of curriculum subjects including industrial arts for the educational needs of our children. The recreational needs of our community are met by both privately owned and town owned facilities. The Town boasts a fully modern arena facility complete with an artificial ice surface and heated seating for approximately 1400 spectators. This facility is used to the maximum during the fall and winter months. The Town in co-operation with the School Committee has developed sufficient ball diamonds and school ground property to facilitate little league for both boys and girls as well as fastball for men and women. Playground facilities and a beautiful picnic area have been developed and are maintained by the Town. The Town also has a privately

owned bowling alley, curling rink, billiard hall and boasts a beautiful nine hole golf course with grass greens, which is used very extensively during the golf season. The Lions, Kinsmen and Legion organizations are also very actively involved in the development of our Community. The Lions Club of Whitecourt is presently co-ordinating efforts to raise funds for a proposed swimming pool to be constructed. Whitecourt also boasts a ski hill complete with poma lift and fully modern chalet. This excellent facility is located within the Town boundaries and is owned and operated by the Community. The Provincial Government is presently developing a Provincial Park at Carson Lake which is located approximately 12 miles from Whitecourt on an all weather road. In addition to the full range of recreational facilities outlined, outdoor recreational opportunities are unlimited and include hunting, fishing, boating, trail riding and unlimited areas for winter fun. The Town of Whitecourt is serviced with natural gas under franchise agreement with North Western Utilities Limited which comes from a source adjacent to our Municipality. Electrical service is supplied by Calgary Power through a distribution system under franchise agreement with the Town. The policing of our Town is presently under contract with Canada's Royal Canadian Mounted Police and we have an excellent staff on force at the present time. A 24 man volunteer fire department acts very effectively to protect the Town's lives and buildings. The council is very pleased with the calibre of service and protection given by the Fire Department and is presently preparing tender specifications for a new fire hall, housing three bays and including development for a future fulltime paid department.

The Town is located on the Alaska Highway and is serviced daily with bus transportation for public passenger and express. The Town is also serviced daily by truck as well as rail for freight. In addition to this the Town operates a licensed 24 hour Ministry of Transport controlled airstrip, complete with fuel facilities which is used extensively for public and private air transportation. The Town also has, in anticipation of a major expansion, purchased 500 acres of land from the Department of Lands and Forests, adjacent to the Town for future development as the airport site for the Town of Whitecourt. For the travelling workman and tourists, Whitecourt has several 24 hour per day service centers, and a recent survey indicates 210 accommodation units are available in hotels and motels.

The medical needs of our citizens are served by four medical practitioners operating in a fully modern 34 bed hospital as well as a private clinic. The Town also has the services of a dentist and chiropractor, serving a large area surrounding Whitecourt. The Town has complete shopping facilities including foodstuffs, clothing, hardware and building materials. The Whitecourt Chamber of Commerce is very actively involved in commercial development in our Town, and also is responsible for the advertising promotion of facilities and services available.

The population of the Town of Whitecourt is very diversified between a large number of companies operating in the Whitecourt area. No one single company is predominately represented by the residents of our Town and almost 100% of the single family homes in Whitecourt are owned by the citizens of our community. The spiritual needs of our Community are met by the wide range of churches situated in the Town. These include Catholic, Evangelical Free, Latter Day Saints, Jehovah's Witnesses, Lutheran, Pentacostal and United congregations. Several of these groups have very attractive buildings to aid their worship.

Whitecourt has in addition to the natural resources presently being developed and those now under study, an unlimited supply of raw water supplied by both the McLeod and Athabasca Rivers. An additional resource which bears mentioning, is the abundant amount of gravel available in and around our Town. This resource is not easily accessible in many communities.

Whitecourt is fast becoming the hub of service for industrial development in north central Alberta, particularly with regard to the petroleum industry. At present four service companies are established and the fifth company has leased a building and will commence operations in the near future. Also three of the four existing companies are planning sizable expansion this year which will aid the growth of our Town. Industrial development and

utilizing the natural resource of timber is an expansion of the existing lumber industry in Whitecourt which industry was established here long before the discovery and utilization of the oil and gas in the Whitecourt area.

The following appendix was prepared by Mr. Gordon Fuerst of Associated Engineering Services Limited at the request of the Town and I quote:

ENGINEERING DATA FOR INDUSTRIAL DEVELOPMENT — This is in reply to your request for engineering information regarding the municipal services of the Town of Whitecourt. Since 1960, Associated Engineering Services Limited has been retained as consulting engineers for the Town on engineering matters relating to municipal works and improvements.

The initial water works and sewage system was installed in 1960 when the Town had a population of 986. As a result of the lumbering, gas and petroleum industry in the area, the Town has grown at an average rate of approximately 4% per year during that last decade to its present population of 3,155. This growth has necessitated expansion and development in new residential and industrial areas in the Town. The construction of water works and sanitary sewage improvements and sidewalk construction, has kept pace with the residential growth and expansion. The major water works and sewage system facilities have been sized and planned for populations in excess of 3,000 people.

To accommodate growth and an increased population, improvements and upgrading of the existing municipal works, as well as additional municipal works, will be required. As part of a long range planning program the timing, scheduling and overall concepts of these major works have been reviewed and discussed with the Council of the Town of Whitecourt. A brief outline of existing major municipal services is as follows:

Water Supply

The current water supply is from the McLeod River. Water is drawn from the bed of the river through an infiltration gallery and discharged to a 1 million gallon concrete storage reservoir. In preparing the future growth of the Town, preliminary plans and estimates have been prepared for the construction of a water treatment plant. This water treatment plant is planned to be incorporated with the existing one million gallon reservoir and pump house. The scheduling of construction for the water treatment plant would depend on the Town's financial position and the growth rate of the Town. With the McLeod River as a source of water supply the Town has a potential of providing water for a population along with industry far in excess of that which presently exists.

Water Pumping

High lift pumping facilities at the reservoir distribute water on a continuous basis to the lower area of Town and supply water to a 150,000 gallon concrete storage reservoir which serves the upper area of the Town. With increased growth and water demands increased pumping capacity can be readily provided in the existing pump houses by the installation of larger pumps.

Water Storage

As outlined above the Town has a total potable water storage capacity for 1,150,000 gallons which would satisfy the needs of the total population of approximately 5,000 people.

Water Distribution

The existing water distribution system presently serves the developed residential area of the Town and some of the industrial area. The system is sized to accommodate normal expansion of the distribution networks to serve new areas of development. Preliminary long range plans have been considered regarding the installation of major trunk mains that would be necessitated by extensive residential or industrial development.

Sanitary Sewage Collection System

The existing residential area and portions of the industrial area of the Town are served by a Sanitary Sewage Collection System. Because of the topography of the lower area of Town, all sewage collected is disposed of from the Town through a large central sewage pumping station. This pumping station has proved to be adequate to serve the present population and with the installation of new and larger pumps, the capacity of the station could be increased to serve a population of approximately 5,000. Depending on the specific area of development, an additional station or stations may be required.

Sewage Treatment

The sewage treatment facilities consist of four anaerobic ponds which provide primary sewage treatment. The facilities are located at the far north end of Town and discharge treated sewage on a continuous basis to the Athabasca River. Based on current sewage treatment standards and criteria these facilities are adequate to a population of approximately 5,000. When the population of the Town of Whitecourt exceeds 5,000 people, it is anticipated that larger anaerobic ponds will be required or possibly another form of sewage treatment will be necessary so as to achieve both primary and secondary treatment. A site and available land for expanded sewage treatment facilities is not expected to be a problem.

Storm Drainage

Basic piped storm sewer drainage facilities have been provided for the roadways system in the lower and the upper area of Town. The two rivers serve as natural discharge points for storm and drainage water.

Roadway System

Most of the streets in the downtown commercial district are paved.

Almost all of the roadways in the residential areas are surfaced with cold mix asphalt as a dust control measure.

The Town is currently considering a road improvement program which, in the next three or four years, would see the paving of all existing roadways in the residential areas.

All residential areas are served with concrete sidewalks.

Current Improvement Programs

The Town is currently completing the construction of water, sanitary sewer and storm sewer facilities in a 60 lot residential subdivision in the upper area of the Town.

Construction tenders have been received for the grading, gravelling and construction of concrete sidewalks, curbs and gutters in the above 60 lot subdivision.

Plans are currently underway for the construction of a major storm sewer drainage facility in the existing lower area of Town to improve drainage and to serve adjacent potential development areas.

Preliminary plans and estimates have been prepared for the installation of a water distribution system in the industrial area in the upper area of the Town. The installation of sanitary sewage facilities has also been considered. To date a specific time schedule for installation of these improvements has not been established.

Since 1960 the Town of Whitecourt has experienced annual growth and has undertaken construction programs of improvements to municipal services on an annual basis. It is recognized that some additional improvements are required in specific areas of the Town. With this in mind, the Council has periodically reviewed the long range plans of municipal servicing to enable budgets to be prepared so that improvements can be provided on an orderly basis. All planned improvements are geared to facilitate not only the existing developed portions of the Town, but the future growth areas and the population anticipated.

Yours truly,

Associated Engineering Services
per G. C. Fuerst, Professional Engineer

The Town of Whitecourt has very patiently waited for major industrial expansion for many years. In view of the Provincial Government's offer, and the interest in the resources available in our area, as exemplified by the submissions for development that have been made, it appears that our Town will finally benefit. It is our sincere desire that the Provincial Government, in their wisdom, will select the best development scheme bearing in mind the many areas of concern, and the Town of Whitecourt will do its utmost to ensure the orderly development of our community and is eager to cooperate with the company that will be successful in its submission.

On behalf of the Council and residents of the Town of Whitecourt, I wish to express sincere thanks and appreciation for the opportunity to personally submit this brief.

MR. STEELE

We express our appreciation to you Mayor Dahl also. Mr. Joe Harold has requested to present a brief.

MR. HAROLD

I will present this at Fox Creek tomorrow.

MR. STEELE

Fine, thank you very much then.

We have a late comer. The Alberta Trappers Association wish to submit a brief brief.

MR. ROBISON

Thank you Mr. Chairman, Dr. Warrack, Peter Trynchy. It's the Alberta Trappers Association, ladies and gentlemen.

Just a few points that I would like to question as far as the position of the trapper is concerned. The two blocks involved include somewhere in the range of 120 to 150 registered traplines. These people are probably a little different breed of cat from most of us, in as much as a lot of them are not comfortable speaking, I can't see them going into a person's office, say the company that was selected in these blocks, to voice any complaints and there are quite a few problems that could come up with regard to these people. A lot of these lines have been held for quite a few years and a lot of the chaps are getting quite old. As for working for these developers, it is not likely that many of them could do so, but what is their position with regard say to clear cutting? They've had a cabin in the bush some place and the company comes along with his clear cut, what does he end up with, his cabin sitting out some place in the open? Traplines in themselves take several years to lay out properly and what happens then in regard to the clear cuts? It's going to change the whole pattern of the animal movements, etcetera. What is the position of the trapper? That's what I'm asking.

MR. STEELE

Thank you Mr. Robison.

That represents the notice of briefs that would be presented today. Are there any other briefs from the floor? If not, we can have a general discussion period. This is an opportunity for the applicants if they wish to say anything further about their submissions, perhaps we could start there and follow that up with any other clarification that we should have today.

I believe Mr. James wanted to say something.

MR. JAMES

I believe Mr. Steele that with all that's been expressed today I think we've had a very complete and fair opportunity to describe the interest of Simpson and possible business here. I would just like to add that when it comes to community participation our experience in 83 years, now operating in over 18 communities, has been to be a good citizen as others have expressed today, to share with people in meeting the problems of the community, to

participate in the provision of those funds that are required in terms of United Appeal, support of the health organizations, etcetera. In each community we do join the organizations of the community, the Board of Trade or Chambers of Commerce. While we would be here as an American company we would be operating as an Alberta company. In fact our managers in every community, are charged with the responsibility of maintaining excellent relationships with local people. So I'm sure that this would be the normal intention of all companies applying today but I would just like to express that that's the way we would operate in this community. Thank you.

MR. STEELE

Thank you Mr. James. The floor is open to anyone that would like to make any statement or ask further questions.

MR. KREINER

My name is Helmut Kreiner. There is a development available for two parcels of land right now. I'm wondering, is further land in the future available for development, is there future forest land available for small operators, or will the present operators be eventually forced out once they use up their quotas? This is a question of the Minister. Is that all the land available in Whitecourt right now which you are talking about for development or will there be more?

DR. WARRACK

What we're looking at is one block in the Whitecourt area and as you describe it also the second block in the Fox Creek area and the proposals that we're discussing today are based upon the recognition that there are timber rights in those areas already and that they are not part of the proposals we are discussing. These are operated within current timber rights that exist on a sustained yield timber management basis and I might ask Mr. McDougall who is in charge of the Timber Management Branch to describe at least briefly for you how that is done.

MR. MCDOUGALL

The timber quota holders who are in the area at the present time would have their quota rights retained. A quota, by definition, is a share of the allowable annual cut. The quotas would continue beyond 1986 when they are subject to renewal at the pleasure of the Minister, but these proposals that we are hearing today take account of a continuation of the quotas indefinitely so it would not necessitate any reduction or change to the existing quota status. However as far as any new industrial operations of any size are concerned, this would represent a full commitment on the timber resource in this area.

MR. STEELE

Thank you. Do we have further questions?

MR. WALKER

Mr. Chairman, I was just wondering if some one wanted to expand what is their chance of getting a larger quota, like Mr. Miller. He just suggested that they cannot operate on a year round basis. What is their chance of getting a larger quota?

MR. STEELE

Would you give your name into the mike first please.

MR. WALKER

Mr. Walker, resident of Whitecourt.

MR. STEELE

I think Mr. McDougall has tried to explain the system that has developed in the forest industry in the Province. There are other ways of expanding your cut. Certainly, we don't feel that the management practices that we have at this time in Alberta result in the maximum production possible from the forested area. Mr. McDougall mentioned that the quotas represent a percentage of the present allowable cut but, for instance, we have many areas that are not fully productive at this time that have not been considered in determining the allowable cut. That's one way of expanding your quota. There are quotas that can be purchased, if you're successful in negotiating such, and in some areas of the Province many operators have increased their cut by buying out smaller operators or in some cases fairly large operators to amalgamate their operations into a larger operation. I think we have to consider to an extent that the forest industry in the Province is reaching a situation similar to the agricultural industry where if you want to get the best use out of the resources, you eventually end up using them all and there isn't further room for expansion. But as with the agricultural industry there are many ways in which production in forestry can be increased and that can result in increased allowable cuts and increased quotas.

Does that offer an acceptable explanation? Thank you.

Do we have further questions?

MAYOR DAHL

Mr. Chairman just so we don't miss it. On behalf of the Council and the Town of Whitecourt, I would like to thank Dr. Warrack and the Provincial Government for giving the people the opportunity to question the industries that have presented proposals here this afternoon, and to hold the hearing in Whitecourt which gives the citizens a much better opportunity to ask questions rather than have to travel to Edmonton or some other major centre. I would also like to thank all the representatives of industry who made themselves available for the questioning by all the citizens in town.

MR. STEELE

Thank you Mayor Dahl. We are very pleased to see such a large turnout today and we hope that the meeting has been of value to you, it certainly has been to us. That was the purpose of the meeting. We had good proposals today. We'll have them again tomorrow. We've had some very useful questions and we've had some very helpful additional submissions. I hope you don't expect a summary of today's proceedings because that would be quite impossible as I think you would recognize. The summary will come when we have to work out all these inputs and come up with a proper answer. I would ask Dr. Warrack if he would mind closing the meeting today.

DR. WARRACK

Thank you very much Mr. Chairman. I would particularly like to thank His Worship Mayor Dahl for the hospitality the Town of Whitecourt extended to all of us, not just those of us that are a part of the Government of Alberta but also those industry representatives, citizens from other centres and all the people here. So to you, your Worship, and to Peter Trynchy, M.L.A. for this area, thank you very much for your hospitality. May I conclude the meeting by noting the extent of interest that has been shown by the people of the area, and by 'of the area' I mean not only the Whitecourt area but the region that includes Fox Creek; as well the organizations and particularly the industry that is represented here. I thank you all for making this what I feel extremely confident, is an important part of the decision process as we all work together for the best resource development in this area. Thank you very much.

FOX CREEK HEARING.

FOX CREEK SCHOOL AUDITORIUM.

JUNE 5, 1973.

MR. STEELE

Could we have a representative from each of the five companies submitting proposals up here again to go through the same procedure as yesterday on order of presentation.

MR. PALMER

On behalf of the people of Fox Creek I would like to welcome this delegation to Fox Creek in regards to timber development in the Whitecourt-Fox Creek area. We appreciate that the government has taken enough interest to hold hearings locally so the residents can have a chance to let their feelings be known, and at this time I would like to introduce Mr. Steele who is the Chairman of this delegation for the introduction of the head table. Thank you.

MR. STEELE

Thank you very much. It's a pleasure to be here and I hope that today we have as successful a hearing as we held yesterday. This is a hearing being sponsored by the Alberta Forest Service to consider proposed timber developments in the Whitecourt and the Fox Creek areas. I am particularly pleased to see quite a few young people here. It's their resource that we are considering and that we will be dealing with and I'm certainly happy that they can find time to listen in and see what a democratic system we have in this province. That was on behalf of the Minister.

This is your meeting and I want to remind you that it's your meeting and we want your participation. That's why we're holding it. The meeting yesterday was the first day, of course, this is the second, and later on I will mention the procedure that we will follow, following the hearings to develop a final decision. I would like to call on the Honourable Dr. Allan A. Warrack, the Minister of Lands and Forests, to say some words to you.

DR. WARRACK

Thank you very much Mr. Mayor and thank you very much Mr. Chairman. It's a pleasure to have the opportunity to be here. As some of you know it wasn't easy for me to be here but with the help of your MLA for this area, Peter Trynchy, from the Whitecourt constituency we were able to persuade the Premier that this would be a better place for me to be than at Cabinet today. To you Mr. Mayor and the Townspeople and also to the children of the school I can say on behalf of all of us involved at this hearing, thank you very much for what was a touching kind of welcome. If I may say so, since I'm kind of from the Ozarks of South Central Alberta myself, it made me blush. The last time I was near a red light it cost me \$20.00.

I thought I might outline the basic intention of the hearings today. These are hearings by the Alberta Forest Service on the proposals that we have before us for development of the timber resource in this area of Alberta which is set up into, as I think you all know, two blocks, one the Fox Creek Block and the other the Whitecourt Block. There are some proposals for one block, some for the other and some for both and we're here to consider these today. The hearings themselves are set up with three objectives:

One is an opportunity for the people making the proposals for development of the timber resource to put those proposals forward to the people that would be primarily affected. I noted yesterday that the proposals are put forward with considerable pride and they represent a considerable amount of effort, dedication and expense in each case.

Secondly these hearings offer an opportunity for the professional resource managers, that is the Alberta Forest Service, to ask some of the questions that are outstanding matters of concern and ask these questions here at a public hearing in order that the answers have the opportunity to be recorded and that we have the fullest possible understanding of each other.

The third function of the hearing is to provide the opportunity for the public at large as individual citizens, as other members of the industry and as other interested and affected groups and organizations, to ask questions and comment on the proposals. So with those

three objectives I welcome you all here on behalf of the Government of Alberta. Thank you for the warm welcome that we have received. I now turn the proceedings over to the Chairman, Mr. Bob Steele who is the Director of Forestry of the Alberta Forest Service, Department of Lands and Forests.

MR. STEELE

Thank you very much Dr. Warrack for introducing the meeting. I have several of my staff and departmental staff and other government staff that I would like to introduce so you know who they are. Miss Cameron on my right is our Recording Secretary today, as she was yesterday. Fred McDougall on my immediate right, is Head of our Timber Management Branch. Ed Wyldman, Special Assistant to the Minister is in the audience. Ed, would you stand up, and Dick Radke our Forest Superintendent for the Whitecourt Forest which includes Fox Creek, is here too. Dick is already standing up. He is looking after a few of the technicalities.

All of the proceedings today will be recorded. I hope that no one has any objection to it. We will be printing the proceedings as completely as possible. We'll probably have problems in a few areas and I'd like to mention now that a few times yesterday we could not record some of the presentations completely and thoroughly and could I remind everybody now to speak directly into the mike, so that we get everything on tape. Of course today there'll be many repetitions of statements that were made yesterday but maybe it will just drive it home a little more and you'll appreciate all of the ramifications of making a difficult decision that will result from these hearings.

There is a list at the back of the room and if you have signed it, or will sign it, we'll ensure that you get a copy of the proceedings when they are ready and please print your name and address as legibly as possible.

I'd like to just go through a brief history now of what has happened in this area and outline the program for today. Many of you know that Whitecourt was considered for a pulp mill development for many many years and that for various reasons it did not materialize. The Government took a good look at the possibilities for the small wood timber resource in the Whitecourt-Fox Creek area and decided that they could gain considerably by utilizing it in a different method than conversion to pulp. The Government advertised in September of 1972, requesting proposals to develop the small wood timber in the Fox Creek-Whitecourt area. We divided the area up into two blocks, the Whitecourt and Fox Creek Blocks. They are indicated on the map to the left of me. In the advertisement we stressed that we were looking for proposals that would offer good forest management practices with the best combination of employment, revenue and wood utilization. These proposals had to be into the Government by February 28 of this year. On that date we had received five submissions and I'll just go over them. Fox Creek Lumber Limited submitted a proposal to develop the Fox Creek Block only. The Levesque Lumber [Alberta] Company submitted a proposal to develop the Whitecourt Block only. The North Canadian Forest Industries Limited submitted a proposal for the Fox Creek Block only and the Simpson Timber Company and Weyerhaeuser Canada Limited each submitted one proposal covering the total area. So we had the five proposals at that time. The names of the companies are on the board and you can refer to them later on directly if you have questions concerning them.

After submissions were received, they were reviewed by Government personnel. We contacted the various companies and requested that they provide additional information that would be necessary for these hearings and for the Government to make a decision. These were in no way negotiations with the companies, they were requests for clarification and further information, so that we could at these hearings divulge any information that we thought would be necessary for the audience and for the Government. Brief summaries of these submissions were made up as a result of our contact with the companies and their original submissions and copies of the summaries have been made available prior to the hearings and are available now if you haven't picked them up. I don't see any offhand but

there should be some here and I wonder, Dick, if you could pass a few down the rows for those who haven't received them and some of the material in them will be referred to later on.

In the proceedings today, first we will have a presentation of the proposals in a summary form by each of the five companies, and as we did yesterday we had a representative from each company come up to the front just before this meeting started, we drew names and the order of the presentations will be as listed on the blackboard. Levesque will be first, Simpson second, Weyerhaeuser third, North Canadian fourth and Fox Creek, by choice or coincidence, is last. Following the presentations there will be questions from the Chairman, that is from myself, through Fred McDougall, to the companies for further clarification. There will then be questions to the companies from the floor, from any of you people that wish to ask questions of the companies. They will be handled through the Chairman again, who in case he feels the question is not fair, can request that it not be answered, but we had no problem yesterday and I don't anticipate any difficulty today. We will then follow that with presentation of public briefs and I have a list of about six. We had some eight or nine yesterday. Some of the briefs presented yesterday will not be duplicated today. I'll mention them later on though. Anybody that has advised us ahead of time that they have briefs to present will then be called on to present them and further briefs will be welcome after that from anyone else that wishes to submit briefs.

Those are the proceedings and I would now like to move on and call first on Levesque Lumber [Alberta] Limited to present their formal brief.

MR. BLOUIN

Mr. Chairman, Dr. Warrack, dear Citizens, dear Students. On behalf of the Hearst Board of Education, as Chairman, I'm pleased to see so many students here. My name is Donald Blouin and my occupation is Controller and Manager of the operations of Levesque Lumber [Hearst] Limited. It is my pleasure to say that we have among us today seven representatives of our company.

Before submitting our proposal I would like to provide some background about the companies forming the Levesque Lumber [Alberta] Company. I believe this would be helpful and of interest to the people who are here and who may not be familiar with the Company. The companies forming the partnership are Levesque Lumber [Hearst] Limited, Dynast Forest Products Limited from Thunder Bay, and Gosselin Lumber Company Limited from Hearst. These companies are wholly owned Canadian. For the past 27 years the three companies have been involved in woods operations, sawmilling, planing mills and sales of lumber, chips and shavings. The annual production of the said companies totals 229,000 cords of wood for a total production of 132 million board feet of lumber; 92,400 bone dry tons of chips, 23,700 bone dry tons of sawdust, and 29,700 bone dry tons of shavings. The companies have had experience in the construction of main roads for access to timber, cutting timber in tree length, 16 foot logs, 8 foot poplar and spruce and veneer logs as well as 4 foot pulpwood. These companies have constructed sawmills, planing mills and dry kilns in the Hearst, Thunder Bay and Hudson area. I would also like to mention that Levesque Lumber [Hearst] Limited is, and has been closely associated, with the Levesque plywood and particle board plants. At this time I will call on Mr. Tom Inglis to present our proposal for the Whitecourt Timber Development Area. Thank you.

MR. INGLIS

Mr. Chairman, Mr. Minister, Ladies and Gentlemen, Students. It's a pleasure to be here in your part of the country. We in northwestern Ontario don't see such straight roads as you have driving over here this morning, we've got an awful lot of rock there and we're up and down and around. I was very impressed with the straightness and also the nice timber along the way as we came in.

For the information of the people here, the Chairman did mention it, but we are applying for the Whitecourt block only, not for the one over here, I just want to make that

clear. In Alberta, the Company will construct a sawmill, dry kilns and two planing mills, with the specific site yet to be determined, but probably along side the railroad in Whitecourt, Alberta. It has been brought to the Company's attention that Whitecourt has an industrial site zoned for this purpose. It would be the Company's intention to apply for this site. The estimated cost of the capital assets amounts to a total investment of \$4½ to \$5 million dollars. The sawmill would have a minimum rated capacity of 340,000 board feet per day. Based on the Company's experience in Ontario, the annual payroll is expected to be between \$3 and \$4 million dollars. Approximately 200 jobs will be provided at the mill, these will come as much as possible from local residents, and for an additional 100 permanent employees in the bush, 50 persons for the hauling operation and additional staff for regeneration.

The purchase of fuel, maintenance supplies and other operating items inclusive of logs are expected to exceed \$3.8 million dollars per year. These services and goods, Ladies and Gentlemen, will be purchased in the Province of Alberta, if they are available. We'll make sure of that. The timber consumption is estimated to be in the vicinity of 140 to 160 thousand cords per year. The Company has already investigated the market for chips to be sold to the mills in Hinton and Grande Prairie, Alberta. The shavings and sawdust will be marketed, as markets become available in the future. There would also be purchase of machinery, supplies and fuel for the harvesting and hauling operations. The initial capacity of the operation is expected to be 70,000 cords for the first year of operation, increasing to 140,000 cords in the second and third year. Then we hope, after our re-inventory, 160,000 cords annually. The sawmill, dry kilns and planing mills will operate on a two shift basis annually.

Our manufacturing facilities will consist of a sawmill, with chipper canterers and band saws. Debarking, chipping and screening units will be installed which will provide for the manufacture of high quality chips. Our proposal has been made on the following basis, with dates of completion I would like to give you.

First, when the Minister announces his decision, we will hopefully, if we are successful, then present the management agreement and get execution of it. Hopefully by January, 74 the Company will order the machinery and equipment. In June, 74 the construction of the buildings will begin. In November, 1974 we will start harvesting the timber. In May, 1975 the sawmill will start in operation, and in June 1975 the planing mill and dry kilns will start. The Company will be negotiating a proposed lease agreement between the Province of Alberta and Levesque Lumber [Alberta] Company. The Company would like to cover the provisions of this proposed lease at this time.

The Company's proposals to be incorporated into the Forest Management Agreement are designed to secure the supply of raw material necessary to ultimately assure the wood supply for the proposed plant. The Forest Management Agreement area comprising 1532 square miles and referred to as the Whitecourt Block of the Whitecourt Timber Development Area will be defined and the agreement will be proposed for a 20 year period, then renewal options for a further 20 years, subject to reasonable terms and conditions to be agreed upon at that time.

If these basic rights are granted the Company would immediately proceed to build the aforesaid mentioned sawmill complex at Whitecourt.

The Company would expect to negotiate purchase of land near the railroad in Whitecourt.

At the millsite and on woods operations the Company proposes to abide by regulations of the Public Health Act in all aspects including matters relating to water and air. Specifically the Company's sawmill refuse burner will be a smokeless burner and will live up to the terms of the Environment Act in this Province.

To supply the sawmill, the Company will have the exclusive right to harvest all timber from the Forest Management Agreement area that has not been outlined for operations by sawlog, quota holders. The Company proposes to harvest all coniferous trees, down to a stump diameter of 6 inches and utilize a minimum top diameter of four inches inside bark.

In addition the Company will harvest deciduous species from within its cutting areas at such times as markets become available. The Company will permit or agree to let others harvest the deciduous volume from within the agreement area. The Company would reserve the right of first refusal on the deciduous species.

As a prerequisite to the Company's planning, it is requested that the Minister outline the areas within the Forest Management Agreement area which will be reserved for operations by sawlog quota holders, within two years following the signing of the Agreement. The Company acknowledges the commitment the Province has with the established sawmill industry in the Whitecourt Block, in the form of assigned sawlog quotas and would be willing to explore avenues of co-operation with quota holders which could result in the efficiencies of operations and management and an increase in utilization of the total coniferous volume.

The Company will undertake to purchase coniferous wood volumes which may result from site, road and powerline construction by the oil and gas industry on the forest agreement area. This would decrease the annual anticipated loss of raw material through industrial damage.

In recognition of the demands that are made from time to time on an area of miscellaneous wood volumes, the Company feels that the Minister should be free to issue permits to others for reasonable volumes of timber products to be harvested from the area for specific needs.

Roads built by the Company will become the property of the Company but will remain open for public, except during periods when such use would result in extraordinary maintenance requirements or would present a threat to the forest through destruction by fire. Closure would be in agreement with or under the order of the Minister. Commercial users of Company roads would be expected to reimburse the Company at a reasonable rate related to the extent of use being made.

The Company is reasonably sure from initial investigations that the allowable cut available to its proposed industry as calculated by the Province is reliable. However it is not planned to obtain a production of 160,000 cords annually until such time as reinventory and management plans indicate that such production can be reached and maintained, having regard for sound forestry practices and further restrictions that may be found desirable in the particular area as a result of current studies that are being carried on.

In return for the rights granted to the Company by the Agreement we will make the following payments to the Province. In light of our firm commitment to proceed with the project, subject to DREE approval, our Company will make a deposit of \$24,000 during the period of negotiations of the Forest Management Agreement. A reasonable performance deposit will be agreed upon when the agreement has been signed. Deposits will be made in the form of cash or Government of Canada Bonds.

In accord with presently existing Forest Management Agreements, the Company agrees to pay at the minimum, \$3.00 per square mile per annum for land rent, less the total aggregate amount of land rent paid to the Minister by timber quota certificate holders. The initial payment for land rent will be on the date the Agreement is signed.

The Company agrees to pay for forest protection service provided by the Province and in accord with existing agreements at a minimum \$12.80 per square mile per annum less again the amount paid by quota holders.

The Company is prepared to pay under this proposal and to offer a minimum of 40% of the regulation rate for stumpage for coniferous species. The Company agrees to pay for all species of deciduous timber at the rate of fifty cents per cord. A cord, coniferous or deciduous is to be defined by volume or weight. Stumpage will be paid quarterly and payment will be due 30 days after the end of each quarter for timber harvested during the quarter or as otherwise agreed upon with the Minister.

The Company expects that any concessions which relate to the cost of lumber production and are granted by the Province to other lumber producers by new agreements, prices, terms or conditions after the signing of the Agreement, will also be granted to the Company.

The Company will develop a forest management plan for the agreement area which will result in the full utilization of the forest resources of the area. We will take into account the multiple use of the area which is required and will relate to the presence of the established oil and gas industries on the area.

The management plan will include all items which are normally required by such plans and will be supported by a complete reinventory over the whole area, which will be undertaken immediately in order that the management plan will be available for submission within three years after harvesting begins. Initial operations by the Company will be supported by an interim operating plan which will be submitted to the Minister for approval within four months of beginning harvesting operations.

We have given careful consideration to the requirements and responsibilities which are accepted by the forest manager in current forest management agreements in the Province of Alberta and the ground rules which apply to regulate management and operating practices and would be in agreement to operate under these basic conditions, with minor revisions which may be dictated by necessity and agreed upon by both parties. The Company will assume the responsibility at its own expense to obtain regeneration on the areas harvested by the Company, according to the regulations of the Province and the terms of the agreement to be negotiated.

We are planning to solicit the aid of Forest Technicians, trained and experienced in forest management in the Province of Alberta, for looking after the inventory, planning and forest management. The Company would in the field of regeneration basically adopt methods of treatment which would result in establishment of a new forest crop in as short an interval as possible in any given stand or site condition, having regard for the economics of operations and the results to be achieved.

It is our intention to invite the local people and I referred this yesterday to the people of Whitecourt, it also could apply to the people of Fox Creek, if they so wish to participate in investing with us in this project. If interest is shown we are prepared to make a presentation to them once the agreement has been signed.

This proposal is contingent upon receiving affirmative approval from DREE for financial assistance.

We have within our organization access to expertise, in plywood, particle board, flakeboard and lumber treating. If we are successful in our bid it is our intention to complete a feasibility study as soon as possible to give us an opportunity to further enlarge our facilities at Whitecourt. If it proves feasible we will proceed with these projects and we will be able to utilize the poplar, also the sawdust and shavings from not only our own operations but those of the surrounding operators, as well as the Fox Creek area. We have not attempted at this time to put an investment figure on these possibilities.

To summarize briefly, we have a long and successful history in the field of forest utilization. We have always tried to be good corporate citizens and fair employers. The Company believes that the area has the many resources that would be needed to operate a sawmill and its related facilities on a long term sustained basis and that the Company's operations would bring economic and social benefits to Whitecourt and its surrounding areas by providing employment opportunities and economic stimulus.

Favourable consideration of the Company's proposal would put our Company in the position of being able to build and operate a logging operation, sawmill and related facilities. The Company accordingly requests that this proposal be accepted so that it may proceed with the signing of the necessary documentation that would be necessary with reference to the lease agreement. Mr. Chairman, thank you.

MR. STEELE

Thank you very much Mr. Inglis. The next Company will be Simpson Timber and would they present their proposal please.

MR. REED

Thank you Mr. Chairman, Dr. Warrack, Ladies and Gentlemen. In presenting our proposal today, which is a repeat of yesterday, and many of you were at that meeting, we may condense it a little bit. I hope that the repetition does not get boring.

Initially I'd like to describe our Company because it certainly is probably not well known in this area. Simpson Timber Company is a family owned Company, headquartered in Seattle, Washington. It was founded in 1890. Through these years we've had considerable experience in the management of forests, in the manufacturing of many forest products, including lumber, plywood, pulp and paper. In 1965 we entered Saskatchewan and developed a lumbering operation in the town of Hudson Bay. That production at the present time is approximately one hundred million feet per year.

I have with me today two other officers of our company; David James, Vice-President of Public Affairs and Mr. Norman Brocard, Director of Resource Development who will also be speaking to you today.

In considering development alternatives we feel it is most important to attempt to match facilities and products to the resource that is going to be available. We believe that maximizing utilization over the long term is a most important element of this kind of a consideration. Unfortunately our proposal does not meet the interest of this community of Fox Creek because our proposal contemplates that the facilities will all be located in one spot and the place that we selected is Whitecourt. It is more closely centered to the largest volume of timber, it is also on rail and has access to all of the other services and facilities that this type of operation requires. Certainly we are sympathetic with the citizens of this community in their interest in adding permanent jobs for the area.

In looking at processes the government had indicated several preferences, one was plywood. We made an intensive study of the type of resource that was available and concluded that a plywood program was not the best conversion option in our viewpoint. As a result we selected lumbering as the primary manufacturing facility. Also consistent with the prospectus that was given to us by the Government, we considered the opportunity to utilize fibres and to utilize the poplar species and we have within our proposal a program which takes this into consideration. It is our intention to carry out this development with a minimum impact on existing operations. Details of our development plan consist first of consideration of forest management requirements and our intentions in carrying out these functions. I would like to call on Norman Brocard who was formerly Woodlands Manager in Saskatchewan and has considerable experience in the management and operation of this type of forest to give you a brief summary of our forest management program. Norm.

MR. STEELE

Could we just hold a few seconds to make a tape change. It's good timing. O.K. we're ready to go Norm.

MR. BROCARD

Thank you. Good morning. I'm happy to be here in Fox Creek. I'm a forester and logging engineer. I've been with Simpson Timber Company ten years.

Simpson has demonstrated its ability to operate and manage forest land resources in many places. In exchange for the cutting rights to this uncommitted timber resource, the Company will use these skills, their forestry experience and capital to develop and implement a complete and sound forest management plan that will meet the objectives of sustained yield, utilize the timber to the highest practical degree and protect and improve timber production and other values and benefits of these forests. The Company will make every reasonable effort to manage the forests in co-operation with other users of all kinds. The co-operation is offered in regard to fair and equitable common road use, exchange and purchase of surplus log volumes, joint actions for forest protection, respect for reserves, preserves and cutting rights of vested users and maintaining the rights of the public for access and for all the non-destructive uses they enjoy.

In regard to the timber resource, the best source of basic timber inventory information is your own Alberta Department of Lands and Forests. Their estimates of sustained annual harvest are for the total areas A and B 238,000 cords of conifers per year and 188,000 cords of poplar per year. We have made a general reconnaissance and check of these forest areas and these allowable cut figures and accept these estimates for planning purposes. The annual harvests are high compared to the present level of harvest because the utilization standards are high. We have made a careful analysis of the kinds and sizes of softwood trees that will result from careful harvests of all these stands. This is a critical matter in order to first, see what processing opportunities are here above and beyond the existing utilization and secondly, to tailor our proposed manufacturing facilities to these resources. On the matter of utilization based on our analysis of the timber sizes and using our Saskatchewan experience as a guideline, we know that we can successfully harvest these small trees and process them into high quality lumber. We also know that the softwood sawmill residues and the poplar can be used to supply a viable fibre processing plant here in the near future.

On forest management Simpson Timber Company is capable of assuming a major share of the responsibility for managing these forests, protecting and increasing their productive value over the next decades. Simpson has been identified with good forest management in our Washington holdings, in our Saskatchewan agreement area and in the California Redwood region which I might add is one of the most environmentally sensitive areas to practice forestry in today on this continent. We have no intention of conducting ourselves differently here. Our corporate life and growth is inevitably tied to the life and growth of the forest, perhaps to a greater degree than many of the people here today.

Some details of our forest management program include a complete and detailed forest inventory. That's the most critical forest management tool to tell in detail how much forest we are dealing with, where it is and also what happens to it over time. Secondly, a complete forest management plan would be devised subject to Provincial approval and this would include orderly road development into the area. We would employ both winter and summer roads.

Under the management plan there would also be a detailed cutting plan subject to approval of course and we would employ mainly contractors in the logging operations. We've had considerable success with this method in Saskatchewan. We've offered some financial assistance to contractors. We've assisted with modern logging techniques in some cases and it seems to fit the farmers who live in the Hudson Bay area. I'm hopeful that we would have the same kind of opportunity here to employ farmers in our winter operations.

We would also of course have a regeneration plan, surveying the regeneration status to begin with and providing for the reforestation of Company cut-overs as well as the rehabilitation of potentially productive forest acres. We would also be willing to install and operate a forest nursery co-ordinated with the Provincial regeneration programs. We would incidentally also do seed collection and extraction. Simpson has some experience in Oregon where they annually collect and process about 40,000 pounds of Douglas Fir seed.

There are a great many other details of our total forest management package but time doesn't permit me to go into that. I would like to conclude though by saying that the Company intends to employ a high degree of husbandry and protection in operating and managing these forest resources.

MR. REED

Thank you Norm. The specifics of our proposal regarding manufacturing are as follows: We plan to put in a modern, highly efficient high level of utilization dimension lumber mill which would produce approximately 74 million board feet of dimension random length lumber. We would also add facilities to produce approximately 39 million feet of stud material. In the process, we estimate that we will develop from mill residues and from non-sawable portions of the tree approximately 95 thousand bone dry tons of chips. These chips would be available to buying pulp mills in the area.

Phase two of our proposal which deals with fibre processing and the utilization of aspen or poplar has not been completed. We have committed to the Government that within five years of the start-up of the operation, we would select and start construction on a fibre processing mill. We have at least three, possibly four options in this regard and they range from a particle board plant, a flakeboard plant, to, and don't anybody shudder, a pulp mill located in the Whitecourt area. If we do in fact select a pulp mill as an option, it would be constructed very strictly in accordance with the regulations established by the Alberta Government. Time schedules for construction are not expressly defined other than it was our intention to start site preparation before the end of 1973 with mill construction starting in 1974. This is subject to timing of the decision. If the decision is made late this year, of course, we could not start much work until the spring of 1974.

The total investment of phase one is approximately \$15 million dollars. Our estimates on phase two cannot be defined until the particular process has in fact been selected. Employment opportunities for the phase one program total 350 permanent jobs; 200 of those in the manufacturing facility and 150 in forestry and logging production. In addition to that we estimate approximately 100 seasonal jobs.

It is our intention to utilize contractors in the performance of log production and road construction to the maximum degree. We are prepared to offer the contractors all possible assistance in developing their program both in new technologies, improved equipment configuration and employment and training of people.

The question was asked yesterday relative to job opportunities for the Fox Creek area. Since we are planning to utilize contractors, we can't make a specific commitment because we do not know at this stage of the game where our contractors will be headquartered, who they will be, and what the choices of their employees might be as far as area of location. However it is our estimate that the Fox Creek timber operation will offer employment opportunity for approximately 90 people and we assume that because of the proximity of the town to the logging program that they would in fact select Fox Creek as a place to reside if they are not already here.

In reference to revenue payments, another question was asked yesterday, we have proposed initially \$12.80 per sq. mile. This includes holding and protection fees. However we have used some wrong information in making that calculation and have advised the Government of a change to this which would bring that total up to approximately a little over \$21.00 per sq. mile and this is a result of changing the protection payment to 3 cents per acre per year. We don't know yet how many total acres are going to be involved in the commitment, so that final figure cannot be precisely calculated but it is somewhere in that area. The stumpage payment proposal that we made was based on a price of \$3.50 per cord for the sawable wood which was also tied to an escalation formula based on cost and market and this is consistent with the system now employed by the Alberta Government. We estimate that, in converting our initial proposal to a specific agreement, the payment rate will be somewhere in the vicinity of 55 to 60% of the standard saw timber rate existing at any given time. That basically covers our development plan in very brief summary.

We're just about out of time but I did want to make a couple of other comments relative to our Company policies which are outside of the manufacturing forestry program. One point that is of considerable importance is the fact that we are a U.S. Company, so what are our policies going to be in Canada? We expect to create a company corporation, similar to the organization we have in Saskatchewan. It will start off being a wholly owned subsidiary of the parent company but we have interest and intention of making equity ownership of this company available to the citizens of Canada some time in the future. Now that future is not too far away but we do believe the operation has to be established, it has to have a favourable track record before it makes much sense to offer ownership to the public.

The other question which is of importance, particularly assuming that it is retained as a subsidiary of the parent company, is what will we do with the earnings that hopefully are derived from the operation? Our intention here is again consistent with our Saskatchewan

program. We have been in operation there for eight years and have not repatriated any earnings to the parent company. All the cash flow has been retained in Saskatchewan for reinvestment and growth in that Province and this will be our program for Alberta. We also expect to offer employment to people living in Alberta or in other Provinces of Canada. In Saskatchewan our history has been that we employed I think two people at any given time that are U.S. citizens and part of the parent corporation. The balance have all been local people or people that have come to us from other Provinces.

The Company has a long history of high level of interest in its employees, the communities and other people in the communities that the Company serves and it certainly is our very dedicated interest to continue that kind of a program in Whitecourt and Fox Creek. In closing I would like to thank the people of Fox Creek for a very warm welcome. I made a rapid transition as I walked through the door, I became a Fox Creek booster and I appreciate that and I wish you all good luck. Thank you.

MR. STEELE

Thank you very much Mr. Reed and Mr. Brocard. The next presentation will be by Weyerhaeuser Canada Ltd.

MR. MCINNES

Mr. Chairman, Honourable Minister Dr. Warrack, Member for the area Mr. Trynchy, Ladies, Gentlemen and Students.

I'd like to introduce my associates with me here at this meeting. First Mr. Frank Hahn, a consultant who assisted us in evaluating and co-ordinating this particular project. Frank was a general manager of a logging, sawmilling and plywood complex in this area for a period of some five years. Secondly, Mr. Allan Coombes, Timberlands Manager, Weyerhaeuser Canada and lastly Mr. Maurice Denis, Planning Manager, Weyerhaeuser Canada. My name is Dave McInnes and I'm President of Weyerhaeuser Canada.

I'd like to comment at this time that our corporate offices are located at Vancouver, B.C. and our major officers, including the Chairman of the Board, are Canadians and experienced in Canadian industry affairs. The Company is a wholly owned subsidiary of the Weyerhaeuser Company, Tacoma, Washington. The Weyerhaeuser Canada Company operates one of the largest pulp mills in Canada at Kamloops, B.C. producing approximately 1250 tons of pulp per day. Associated with this pulp mill are four company sawmills with a total production of 320 million board feet per year. It might be interesting to comment at this time that the success of the Kamloops pulp mill depends entirely on 42 independent raw material supplying sawmills. In Ontario and Quebec the Company operates hardwood, veneer and lumber plants. At this time approximately 2,340 Canadians are directly employed by the Company.

In the Alberta Whitecourt-Fox Creek areas we propose to invest a total of \$32 million dollars to utilize the annual growth capacity of the Whitecourt and Fox Creek timber areas. The proposed manufacturing facilities would be located at Whitecourt and would include a sawmill, dry kilns, planer mill, plywood plant, fireplace log plant and a flakeboard plant.

We have spent a considerable time evaluating this resource in completing our feasibility study. During late 1972 and early 1973 we carefully reviewed the timber resource of the Whitecourt and Fox Creek areas. Our objective was to supply the additional data required for assessment of a manufacturing facility that would achieve maximum utilization. Particular attention was directed towards the potential for utilization of poplar. An inventory crew was engaged and established some 300 supplemental sample plots. In addition, the Alberta Forest Service inventory maps and permanent sample plot data were used. Both Blocks were covered broadly by use of helicopters and existing access roads. The resulting inventory data formed the basis for this particular proposal.

To fully utilize the timber from this area and to extract the highest economic end use, the facilities again are a sawmill capable of cutting a minimum of 65 million board feet annually. This would include dry kilns and a planer with a sufficient capacity to dry and

dress the entire production. Completion would be programmed for May 1975. Secondly, a plywood plant capable of producing 70 million sq. feet 3/8 basis per year. Veneer would be produced in May of 1975 with final completion of the plywood plant in May 1976. The flakeboard plant would be constructed and would be capable of producing 120 million sq. feet 3/8 basis of phenolic board. Raw material for this plant would be obtained from sawmill and veneer mill residuals on site. Lastly, a fireplace log plant. In order to supplement the utilization of mill wastes, we would plan to manufacture fireplace logs at an annual rate of 15,000 tons per year. Completion for this facility would be September 1975.

We have been careful to stage the construction phases of the mill in order to fully employ approximately 170 people through a three year period. During the construction phases of the mill and prior to full production, chips would be marketed to the existing chip market, either in this area or in an adjacent Province. When the flakeboard mill comes into production the material formerly used for chips would be flaked and used for flakeboard. Direct employment at the plant site will amount to approximately 400 jobs and an estimated 230 jobs would be created in logging and forestry. At this time we estimate approximately 80 administrative and logging personnel would be located at Fox Creek. During construction phases, we will endeavor to employ local technical skills and personnel wherever possible and would propose continuing this policy should we be awarded the forest management area. We have followed this policy in our other operations.

It would be our intention to work with Canada Manpower for further training purposes as the project progresses. The logging operations will offer opportunities for local competitive contractors should they be available.

It may be appropriate at this time to briefly outline the terms proposed for the forest management agreement that would be enacted should Weyerhaeuser Canada be awarded the area.

1. Water course protection would be provided within the Alberta Forest Service operating ground rules.
2. The Company proposes to enter into a fire protection agreement with the Alberta Forest Service in accordance with present regulations.
3. We will reforest areas logged by our Company in accordance with principles of good forestry.
4. Our Company recognizes the need to protect aesthetics and would work towards developing road and logging plans in accordance with these needs. We also recognize the needs of those apart from the forest industry to use of the land and water areas.
5. Acreages of unsatisfactorily reforested areas exist at this time within the boundaries of the proposed forest management area. We would be prepared to undertake a limited reforestation and rehabilitation program on a mutually agreed cost sharing basis with the Alberta Government.

Regarding marketing of the products should Weyerhaeuser Canada be granted the forest management area, our policy would be to serve the local market in the products we manufacture, fireplace logs would be marketed in the urban centres of Alberta. Surplus to local needs would be marketed in Canada and in the export market.

In conclusion, I would like to say we believe we have made a proposal that will benefit all the people in this area, the Province of Alberta and our Company. I thank you.

MR. STEELE

Thank you very much Mr. McInnes. The next Company presentation will be North Canadian Forest Industries. Roy Bickell.

MR. BICKELL

Mr. Chairman, Honourable Dr. Allan Warrack, Mr. Trynchy M.L.A., Mr. McDougall, Ladies and Gentlemen, Students. My name is Roy Bickell. I'm the Vice-President and Resident General Manager of North Canadian Forest Industries, Grande Prairie.

Before proceeding I'd like to make a particular comment on the various works of art and appropriate messages as carried on the walls of the auditorium and comment very favourably in that regard. It shows a real amount of work and some real enthusiasm in the community.

I'd like to introduce some of the representatives of our Company that are here today. First Mr. Peter Bentley—Executive Vice-President, North Canadian also Executive Vice-President, Canadian Forest Products, Canfor Ltd. and affiliated Companies. Mr. Ron Longstaffe—Vice-President, same companies named Mr. Glen Patterson—Vice-President, Northern Operations Mr. Rick Weinman—Assistant Secretary Mr. Bill Manary—General Superintendent Woodlands Division North Canadian. Also in the auditorium we have a number of North Canadian representatives from both the Grande Prairie and Hines Creek operations. Could they just stand momentarily please and be recognized? Thank you.

Mr. Minister, on behalf of our Company I wish to again thank you for the opportunity of appearing here today and presenting our brief at this public hearing at Fox Creek and also again express our appreciation of the way that your Government has involved the public as part of the decision making process on such an important, long range subject as the natural resource development.

Our proposal is only for the Fox Creek Block and for development of manufacturing facilities at Fox Creek.

For brevity I would like to refer to our Company as North Canadian.

I have a number of sections to go through, twelve in total. The first are a little long, the rest get shorter.

Section 1. History and Involvement in Alberta

North Canadian is an Alberta incorporated company with all of its assets and its head office in Alberta. It is a member of the Canfor group of companies which is 100 per cent Canadian owned. North Canadian is one of the largest employers north of Edmonton, with an average annual work force having grown in 1973 to approximately 810 people.

North Canadian's plywood plant, the first in Alberta, was established in 1953 by enterprising local Grande Prairie people as Northern Plywoods Limited. The Company became a wholly owned member of the Canfor Group in 1961 along with the Grande Prairie Lumber Company. The two companies were amalgamated as North Canadian Forest Industries Limited as the first step in a program of expansion and integration.

In 1964 a Forest Management Agreement between the Company and the Alberta Government provided for the Company's continuing future timber supply based upon sustained yield forestry practices and the regeneration of cut over lands. In addition to the Forest Management agreement area, North Canadian successfully harvests wood from quota areas, licenced timber berths and a tree farm with operations located both in the Grande Prairie and Peace River Forest Districts of Alberta.

Today North Canadian's plywood plant in Grande Prairie is producing [if related to 3/8 inches, 4 feet X 8 feet sheets of plywood] approximately 11,000 pieces of plywood per day.

North Canadian's Lumber Division in Grande Prairie will, in 1973, produce approximately 110 million feet of lumber.

Pulp chips are manufactured from wastewood at both the Grande Prairie plywood and lumber operations.

North Canadian also owns a mill at Hines Creek that was established in 1969. At Hines Creek the 1973 production will be approximately 50 million board feet of lumber as well as the supply of peeler logs to Grande Prairie.

Section 2. Pioneering Ventures and Accomplishments in Alberta.

1. North Canadian's plywood plant was the first in Alberta in 1953.
2. 1957—developed a process and markets for both decorative and construction grade plywoods from lodgepole pine.

3. 1962—first stud mill in Alberta, for small log utilization.
4. 1965—we centralized sawmill facilities and eliminated all bush mills.
5. Of the present sawmills with waste wood chipping facilities in Alberta, North Canadian was first to establish the process in 1965.
6. 1968—first thin kerf double arbour edger in Alberta.
7. 1969—establishment of new centralized year round operation at Hines Creek, providing steady employment for over one hundred men.
8. 1971—development by Company personnel of the first teepee burner in Alberta to meet the new air pollution control standards.
9. 1971—first Alberta plywood plant with wastewood chipping facilities.
10. In cooperation with the Alberta Forest Service, North Canadian pioneered the present weight scale method of measuring log deliveries for centralized lumber operations.

In 20 years of continuous operation at Grande Prairie, North Canadian's payrolls have grown from 35 to 625 with employees never having experienced a lay-off despite many market slumps which occurred during that period. Similarly, at Hines Creek, the steadily growing payroll, now reaching 185 employees, has been continuous in 4 years of operation.

In 1972 North Canadian's operations generated a total of \$22 million in sales revenue after deducting freight. We estimate that nearly \$19 million of this was derived from outside of Alberta with \$21.7 million being spent in Alberta. These figures illustrate the major extent to which North Canadian operations presently contribute to the economy and stability of the Peace River country. They also illustrate how important North Canadian's impact can be in the Fox Creek area.

As the potential for further expansion at its present locations is limited by the availability of timber, North Canadian is studying further intensive utilization of the resource at its present operations and is also desirous of expanding its base by submitting the proposal that we are reviewing yesterday and today.

Section 3. Proposal and Timing—Fox Creek Plant

North Canadian is prepared to establish a third manufacturing complex patterned on the successful, integrated, year round industries now operating in Grande Prairie and Hines Creek. A site has tentatively been selected south of the New Town of Fox Creek on the C.N.R. and construction would commence in the spring of 1974.

Analysis of the available timber supply for a Fox Creek operation indicates an extremely small tree size, yielding an average log of only 7 inches in diameter. This presents a particularly strong challenge in the smallwood utilization which is an area of special expertise for North Canadian.

At the present time, a total of 5 specialized small log mills are being designed or are under construction by North Canadian and its affiliated companies in northern British Columbia including one under construction at Grande Prairie and one being designed for Hines Creek.

During the past year, a special operations research team has been studying log allocation from the log mix available to determine the optimum conversion process. They have employed linear programming techniques utilizing a computer and have established fundamental principles upon which our sawmill designs are based.

The mill design would incorporate the latest technological advances in equipment to maximize lumber and chip production with the development of very minimal sawdust waste. The mill would be primarily built upon the principle of maximizing lumber production from small logs, with the ability to saw top logs as small as 4 inch diameter at the small end inside bark.

Maximum employment would be expected to develop since North Canadian would plan to obtain maximum lumber and plywood recovery with pulp chips developing from solid wastewood residues only.

Construction of the new Fox Creek plant would commence in the spring of 1974 and would be operational on or before November 15, 1974.

Section 4. Manpower

As a result of North Canadian's proposal, 131 full time jobs would be created at Fox Creek. In addition 62 woodlands employees would be required on an eight month per year basis.

This is equivalent to 175 year round employees at Fox Creek. This does not include 19 additional full time jobs that would also be created at our Plywood Division in Grande Prairie. By including this group, the equivalent year round employment would then be 194.

Salary and hourly rates paid by North Canadian repeatedly lead the way in the Alberta lumbering industry and have always been well above the average.

Section 5. Production—Sawmill/Kilns/Planermill

From the harvest of the Fox Creek block of 6.6 million cubic feet of logs, we propose to direct 12% of the logs to plywood production. From the remainder alone, we will manufacture 44 million board feet of lumber per year.

From the lumber production process, we will manufacture as salvage from slabs, edgings and the like, 18,000 bone dry units of chips per year.

Section 6. Investment

Not less than	\$3,800,000
Woods equipment.....	\$280,000
Roads.....	\$170,000

Balance—manufacturing facilities and site alone then would be \$3,350,000 at Fox Creek only.

This does not include working capital.

Section 7. Forest Management

North Canadian presently has 6 graduate foresters on staff at Grande Prairie along with numerous forest technicians. The staff is experienced in northern conditions, Alberta regulations, cruising, layout, planning, harvesting, forest regeneration and forest protection.

With experience in developing and working with our existing Forest Management Agreement at Grande Prairie and a tree farm at Hines Creek, we are fully aware of the workload and responsibility in following appropriate forest management practices. We support the principle of multiple land use.

Section 8. Forest Harvest

We propose the hiring of as many contractors and subcontractors as possible to carry out the forest harvesting process. The logging program is proposed to be active 8 months per year.

North Canadian has proposed that the rate for payment of timber dues and holding and protection charges be calculated on the same basis as is presently done at North Canadian's existing Forest Management Agreement area. Dues payments would thus be on the same basis as quota holders and therefore on the same basis as other lumber producers in Alberta.

Section 9. Financing

North Canadian does not intend to apply for any financial assistance under the DREE program. As we heard yesterday this is a distinguishing feature as all of the other four applicants intend to apply for DREE assistance with two applications contingent upon receipt of DREE assistance.

As I said earlier, North Canadian is a company that is 100 per cent Canadian owned—fortunately it also has the ability to provide adequate financing of such an undertaking.

Section 10. Environment Protection

No water will be used in the manufacturing process, therefore, pollution from this

source will not occur. Logging proposals and layouts will appropriately recognize streams and potential runoff. Road construction and logging would only proceed upon approval of plans acceptable to the Alberta Forest Service.

Reforestation need not be a concern. North Canadian is accustomed to providing reforestation under Northern Alberta conditions. Reforestation is regulated and supervised by the Alberta Forest Service. It is a responsibility that must be properly handled following harvesting in order to qualify for continuing harvesting rights.

Section 11. Marketing

North Canadian, as an affiliate of Canadian Forest Products Ltd., is fortunate to be represented in plywood sales by the Canfor Building Materials Division which markets company products across Canada through 29 distributor centers. North Canadian is also fortunate to be able to enjoy the sales support of the parent company who, in 1972, handled lumber marketing and sales in excess of one-half billion board feet.

Section 12. Summary

It has been our desire to propose facilities, manning plans, forest management plans, harvesting methods, marketing, financing and environmental protection that are economically practical, thereby resulting in a viable operation which can provide continuous, year-round employment and revenue for the Province.

In concluding, Mr. Minister, I see no reason why the citizens of the Fox Creek community would not naturally expect to benefit to the maximum amount from the local use of the renewable natural resource that surrounds them—the timber. Fox Creek presently is primarily a single resource town—the petroleum industry. A second basic resource industry would provide a much more stable base from which to plan the future of Fox Creek with the direct employment and the extra spin-off effect that automatically occurs when such a primary resource development is established.

We understand that population declines are quite likely to occur in the future. It appears that this need not occur—you have for consideration North Canadian's proposal—a company owned 100% by Canadians—a company which has the ability to provide adequate financing—a company that has a record of proven performance in Alberta in providing regular employment and high utilization.

Mr. Minister, we are convinced that we can perform consistent with the application and that, if given the opportunity, the project will be a credit to the Provincial Government, the Community, the prospective employees and the Company. Thank you.

MR. STEELE

Thank you very much Mr. Bickell. Our last presentation will be from the Fox Creek Lumber, Mr. Meunier.

MR. MEUNIER

The Honourable Dr. Warrack, Mr. Chairman, Ladies and Gentlemen, and Students.

My name is Mel Meunier, General Manager of Fox Creek Lumber. If I could I would like to introduce the other three people that represent and make up Fox Creek Lumber; firstly Steve Mostowich, would you please stand up, who is the President; next we have Ross McCorkle, who is the Secretary-Treasurer and a Director; and lastly but not leastly, Mike Mulyk a Director.

We are pleased to be here in Fox Creek to attend the public hearings on the timber management application for the Whitecourt Development Area and we are grateful for the opportunity to present our brief.

Our company, Fox Creek Lumber, is proposing a development for only the Fox Creek Block. Our proposal in no way discourages or hinders the development of a major forest industry in Whitecourt. We pledge full support and co-operation to any company proposing such a development in Whitecourt. Our proposal allows for two communities, Fox Creek

and Whitecourt, to share in the development of a natural resource. This development will result in two prosperous and stable communities. These communities geographically share the resource. Therefore it would appear natural to us that they share in the benefits derived from such a resource.

The Operations of Fox Creek Lumber its History and Growth

Fox Creek Lumber Ltd. represents an amalgamation of the timber, managerial, and financial resources of four established sawmill operators in the Fox Creek area, these being: Meunier Lumber, Mostowich Lumber, Mulyk Lumber and McCorkle Construction. These companies are owned and operated by Albertans. They represent in excess of 80 years experience in the lumber industry, mostly in the Fox Creek area.

Beginning as enterprising individuals, we have developed our businesses into corporate entities employing approximately 55 permanent and 170 seasonal personnel. From four seasonal bush sawmills have evolved four established saw and planer mills and one dry kiln, producing 22 million board feet of coniferous lumber annually. Presently we own all the saw timber harvesting rights within the Fox Creek Block. Our quota areas cover approximately 90% of the Fox Creek Block. We have developed and maintained the required road systems within this block. We have invested heavily here in the hopes of our future.

The successful performance of our individual organizations for up to 25 years demonstrates our managerial capabilities.

On the basis of this performance we earned our quotas when the quota system of timber allocation was introduced in 1966. Additional quotas have since been acquired, requiring expansion and improvement of plant equipment and the creation of new employment opportunities. At no time during the intervening years has the government had cause to reproach us.

Through prosperous years and depressed years the management of Fox Creek Lumber Ltd. have personally withstood the trials of business management. The consequences of our decisions rested fully on our own shoulders. We have been accountable face to face to our employees, suppliers, customers and our community.

The management of Fox Creek Lumber Ltd. recognizes the limitations being imposed by the industry upon the small sawmill operators with respect to: increasing demands for maximum utilization of timber resources, increasing demands for sound forest management practices, increasing technological developments, as well as the increasing capital investment required.

Our response has been to consolidate and centralize our operations and our resources. We have included modern efficient equipment in our plants to produce sufficient volumes to warrant the necessary capital investment and attract the required technological and managerial expertise.

Proposed Development

Fox Creek Lumber Ltd. will immediately construct a new dimension sawmill, dry kiln, and planer mill at the present site of Meunier Lumber Ltd., six miles south of the New Town of Fox Creek. Total capital investment has been estimated to be \$4.5 million dollars, excluding woods equipment, roads, and working capital.

Employing an estimated 184 permanent and 257 seasonal personnel, Fox Creek Lumber Ltd. will harvest 60 million board feet of coniferous timber annually to produce dry kiln lumber of assorted dimensions for distribution to established domestic and export markets.

The plant has been designed to achieve maximum recovery of salable wood products. An estimated 44,800 units of wood chips will be recovered and sold to pulp mills.

In addition we will immediately utilize 5 million board feet of deciduous timber. A market for this product does exist. We have on file as evidence orders from customers. However, the full extent of that market has not been established. Our efforts in this area are continuing. Initially our existing equipment will be used to process this timber, employing

approximately 45 additional seasonal personnel. When the extent and nature of the market has been determined this segment of our operation will be analyzed to determine, if any, the extent of new facilities required.

Other significant improvements include professional forest management personnel to ensure the highest possible sustained yield from the forest consistent with the 'total use' concept of forested land and pollution control features exceeding the requirements of provincial legislation.

Impact on the Community

Fox Creek Lumber Ltd. will be a corporate citizen of the New Town of Fox Creek. At present the community is essentially a service centre for the oil and gas industry, having no other major, primary or secondary industry from which to draw economic support. Oil and gas are resources of determinable life expectancy.

Based upon a renewable natural resource particularly well suited for the development of secondary and service industries, the company offers perpetual economic life expectancy to the New Town of Fox Creek.

An industry such as lumbering could lend itself well to the community. Since the majority of the gas field service work is done in the summer, the winter logging operation would complement the labour forces. A twelve month need for labour would certainly attract more permanent residents.

There are many significant considerations leading to the conclusion that our company is the most suitable applicant to further develop the timber resources of the Fox Creek Block, the most important of which are:

1. Our proposal advocates the development of major industries in both Fox Creek and Whitecourt. The result will be two prosperous and stable communities sharing the prosperity resulting from the development of a common resource. This is consistent with the balanced growth program supported by the Government of the Province of Alberta.
2. Our proposal consolidates all of the existing quotas and sawmill operations in the Fox Creek Block into a single integrated operation.
3. Our proposal encourages the continued development of secondary forest product industries in Fox Creek and Whitecourt by other Albertans and Canadians. The result will be a healthy diversified business community rather than one dependent upon and dominated by one company.
4. Our proposal is economically sound without special tax concessions or timber rates.
5. Our proposal advocates the development of Alberta service industries. We have engaged Alberta engineers to design and supervise the construction of our new plant. Alberta contractors and equipment manufacturers will be used whenever equivalent service can be provided.
6. Our proposal facilitates an integrated system of road construction for use by the oil and gas industry, the forest industry and for recreation thus avoiding unnecessary duplication and adverse environmental effects.

MR. INGLIS

No we have not finalized the financing but we have part of it arranged and this can be furnished to you in very short order. Part of it will be injection of capital by our companies as well as the public if they so wish, a certain amount from the chartered banks and then long term financing from other organizations.

MR. MCDOUGALL

Are you prepared to substantially increase the deposit figure given in your proposal of \$24,000.00?

MR. INGLIS

Yes we are.

MR. MCDOUGALL

Have you determined what total revenues might flow to the Province in respect to local taxes, provincial income taxes and timber royalties?

MR. INGLIS

I worked on it last night but we still don't have the answer on it. It will be substantial, I can say that it will be under one million dollars a year. The exact figure we don't really have yet.

MR. MCDOUGALL

Would you care to elaborate on any secondary benefits to the Province that might result from your development?

MR. INGLIS

I feel that by our organization coming in it will give the opportunity for expansion of other industries, such as garages, welding shops, other allied industries that would co-operate with us and I think it would give them the chance to increase the size of their facilities that they have now.

MR. MCDOUGALL

In the proceedings yesterday you indicated that the production figure should be increased for your company from 70 to 80 million board feet. With that correction made could you confirm that the department's summary of the proposal is an accurate one?

MR. INGLIS

It is that.

MR. MCDOUGALL

Thank you very much. The next company was Simpson Timber Company. Mr. Reed, I notice today in your presentation that you mentioned a tree nursery. Would you be prepared to elaborate on that statement a little bit for us today?

MR. REED

Well I guess that, again, we couldn't be very specific. Our proposal contemplates a substantial level of regeneration effort following the areas in which we conduct logging as well as the co-operative program in planting non-stocked productive lands, that we could agree to. We believe that the development of the Whitecourt-Fox Creek area will require an increase in nursery capacity. Therefore we have proposed that we would, consistent with the plans of the Alberta Forest Service, establish a nursery area within the area to produce bare stock or specially produced seedlings for the area. We don't have an estimate, at this time, of the size of such a nursery and that would depend a little bit upon the techniques that would be developed but we think it would be helpful in support of the regeneration program to have such a nursery established if it is consistent with the plans of the Forest Service and their own nursery program.

MR. MCDOUGALL

Is public participation, in your development, possible and if so in what way?

MR. REED

As indicated in my summary, the parent Company, Simpson Timber Company, is family owned, privately held. It is their philosophy though that in situations of a subsidiary company, where it makes sense, that that company be available for equity purchase by the public. The planned corporation Simpson Timber Company Limited of Alberta, would be

such a company and we would expect that, once the operation was on its feet and there was interest in public participation, we would prepare such plans and make such an offering. Obviously we can't commit to either a time schedule or a precise methodology of doing this, because there are too many things that we don't know about the circumstances that might prevail within two or three years.

MR. MCDUGALL

Would Simpson be prepared to develop a proposal based on only the Fox Creek block or on only the Whitecourt block in the event that one of the other blocks was allocated to some other party?

MR. REED

I think in response to the question yesterday, we indicated that if we had a second option that it would be an interest in the Whitecourt area only. We have done some preliminary study of this, we don't have anything completed; I think we can come to a conclusion within a fairly short period of time. It should be recognized that the type of configuration of facilities and the level of utilization could be somewhat different than the initial proposal that we have made with that change in total wood supply.

MR. MCDUGALL

Could you describe your financing arrangements for the proposal?

MR. REED

Well we don't have a detailed plan made, we did not feel that it was necessary to do so until the decision was made and we were selected or at least until we got a little closer to the end of the road. We do have a plan to utilize the usual financing procedures and the normal sources of financing for this project. A portion of the funds for the project would come from the parent company and the balance would be financed. As I indicated yesterday we had intended to make an application for a DREE grant in support of the project.

MR. MCDUGALL

What level of performance guarantee deposit would you feel would be appropriate for your proposal as submitted?

MR. REED

The concept of making a deposit in the form of a performance guarantee is certainly acceptable to the company. We had not, frankly, given this much thought at the time we made the proposal, subsequently we have confirmed with you that we would be certainly willing to do so. The precise amount I think needs to be subject to further discussion with the government to come up with something that is acceptable to the government. Our initial thought on this would be a deposit ranging somewhere between \$150 to \$200 thousand dollars but that certainly is not a fixed position.

MR. MCDUGALL

In discussing royalties and government revenues you mentioned this morning that you are prepared to consider protection payments of 3 cents per acre. I would like to confirm, that that would be in addition to the \$3.00 per square mile holding charge that has traditionally been included.

MR. REED

Yes, this is correct. I think that the proposal we made was for both charges, a total of \$12.80 per square mile and this works out at, I think it is a matter of regulation, \$3.00 per square mile for holding and the balance for protection. This amounts to approximately a little less than 2 cents per acre and our proposal is to increase that to 3 cents.

MR. MCDOUGALL

I should probably point out that the traditional charge has been \$3.00 holding in addition to \$12.80 protection charge.

MR. REED

Excuse me. That was an error on my part. It was \$15.80 total, \$12.80 for protection and \$3.00 for holding.

MR. MCDOUGALL

It was with that understanding that you felt that 3 cents per acre for the protection charge would be reasonable?

MR. REED

Yes.

MR. MCDOUGALL

Thank you. Have you determined the approximate royalty and other revenues that the province might expect to receive from your development?

MR. REED

Like Mr. Inglis replied, we worked on this a little last night and really couldn't come up with a final answer because there are still many unknowns. At any given point in time the income could be different when you take into consideration the amount of taxes that would be payable by such an operation. As it relates to the royalty for stumpage and the payment for protection and holding fees, this again would be subject to the market conditions prevailing at the time which would influence stumpage directly. We've made a rough estimate that, under average market conditions, the total payment for stumpage dues, and holding and protection fees would be approaching a million dollars per year.

MR. MCDOUGALL

Would you like to elaborate on any secondary benefits that might come from the proposal?

MR. REED

The installation of this kind of a complex and of this magnitude and the employment opportunities certainly develops many proliferal benefits from the standpoint of community growth and stability, additional job opportunities and investment opportunities for services and support facilities. I foresee as a net result of the kind of a complex that we have proposed, the possibility of additional manufacturing processes or refinements in processing that can accrue from a complex of this size, depending upon improved technology, changing markets and confirmation of the total volume of fibre that is in fact available from this type of an operation.

MR. MCDOUGALL

In describing your proposal this morning, I believe I got the figure of 39 million board feet per year of dimension lumber. Our summary shows 36. After making that increase, is the summary of your proposal prepared by the Department an accurate one?

MR. REED

The estimated volume is 74 million feet of random length dimension and 39 million feet of studs. A total of 113 million feet.

MR. MCDOUGALL

Thank you very much. The next proposal was from Weyerhaeuser Canada Ltd. Mr.

McInnes, would you care to describe what arrangements you might be willing to make in regard to public participation in relationship to your proposal?

MR. MCINNES

We've established the fact that after we have an appropriate earnings history, we would offer the public participation in the Company.

MR. MCDUGALL

Would your Company be prepared to consider a proposal based on only the Fox Creek or only the Whitecourt Blocks in the event that one of the other Blocks was allocated to some other party?

MR. MCINNES

We've done a fairly comprehensive feasibility study on this particular project and we've concluded that the extra transportation costs that we would incur by dividing the two plants would make the project marginal.

MR. MCDUGALL

Have you finalized financing arrangements for your proposal?

MR. MCINNES

Yes we have. It's finalized on the basis of internally generated funds and a DREE grant.

MR. MCDUGALL

What performance guarantee deposit do you feel would be appropriate for your proposal as submitted?

MR. MCINNES

I think, similar to what Mr. Reed said, \$150 to \$200 thousand dollars to ensure our performance.

MR. MCDUGALL

Have you been able to determine the approximate total amount of royalties, taxes and other revenues that might come to the Provincial Government as a result of your development?

MR. MCINNES

Even having Mr. Denis with me, it was no help. It's an extremely complex problem. There are the local taxes, even the rebate on federal taxes that should be given consideration, and the total employment situation. I'm sorry I can't.

MR. MCDUGALL

What secondary benefits would you like to describe?

MR. MCINNES

I would like to speak briefly to the numbers of people employed. This is a supply and service relationship apart from the initial investment that should be noted. I would like to comment on the fact that most of the operating supplies would be purchased in the region. I think it would give a lift to the chemically based industries in Edmonton. I think you should give some consideration to the very large tax base established by a \$32 million dollar investment.

MR. MCDUGALL

Thank you. Could you confirm that the Department's summary of your proposal is an accurate one?

MR. MCINNES

Yes, I think it is essentially correct.

MR. MCDOUGALL

Thank you. A representative from North Canadian, Mr. Bentley, could you describe what public participation might be possible in your proposed development?

MR. BENTLEY

Yes, again in reviewing as I did yesterday, we did not contemplate any public participation in the venture. I would like to add to what I said yesterday that Canadian Forest Products, which is affiliated with North Canadian Forest Industries, are both private Companies and it's a family owned business. We started from a very modest beginning with 29 employees in 1938. We as a family are very proud of what we have achieved since then but as I indicated yesterday, if it was a requisite that there be public participation here, we would so entertain.

MR. MCDOUGALL

Have you finalized your financing arrangements and could you describe them to us?

MR. BENTLEY

Yes we have finalized our financing. Financing would come from internal cash generation plus this being well within our line with the Bank of Montreal just as Mr. Longstaffe explained yesterday.

MR. MCDOUGALL

Are you prepared to provide performance guarantee deposits and what level of deposits do you feel might be appropriate for your development?

MR. BENTLEY

I would suggest that we consider a performance bond of not less than \$100 thousand dollars and we are very proud of our performance record. We've participated on this basis in other developments and I'm pleased to say have always received our performance bond back because we have not only performed to our undertaking but in most cases in excess both in terms of beating time deadlines and in the size and scale of a venture.

MR. MCDOUGALL

Have you been able to determine the approximate royalty, local tax and Provincial income tax that might be generated from your development?

MR. BENTLEY

As others, we did some work and I'll try and be a little more specific because we are an Alberta Company with some experience. You may be interested to know that our timber dues for our current activities in the Province of Alberta in 1973 will amount to something in excess of \$2 million dollars. Now in asking the question, if you can give me the input to the assumption as to what the price of lumber will be in the year in which you seek the answer, we can relate that to what we are now doing. All I can say is that on the figures available you could correlate our present input to the Alberta Treasury related on a per thousand basis on the timber to be converted under different market conditions.

MR. MCDOUGALL

Thank you. What secondary benefits would you like to describe as resulting from your proposal?

MR. BENTLEY

I think that they have been fairly well outlined in the proposal which Mr. Bickell has given. I think there would be benefits not only to the employees who, just as in our developments at Hines Creek and Grande Prairie, have benefited by the permanence and regularity of employment, but we are also a large consumer of many services not only in the way of motor vehicles and other mobile equipment but general services in the community. I think that the benefits from any proposal, and there are two for this area, would be welcome to Fox Creek and I'm sure would help stabilize the employment base and the economic activity in this community.

MR. MCDOUGALL

Aside from the omission of the 19 jobs that would be created at Grande Prairie could you confirm that the Department's summary of your proposal is an accurate one?

MR. BENTLEY

I believe so unless Mr. Bickell would like to have any further correction. Would you like to come up Roy? Thank you.

MR. BICKELL

Just two very minor points Mr. McDougall. I didn't want anyone to be misled by not being as specific as we could under the proposal. It says the total cost of including some woods equipment, 'some woods equipment' meaning \$280 thousand dollars. Major trunk road construction, not really major, \$170 thousand dollars and it does not include working capital. With that, we agree completely.

MR. MCDOUGALL

Thank you. Could we have a representative from Fox Creek Lumber Ltd. please. Mr. Meunier could you describe in a little more detail your plans for the immediate utilization of poplar as to when that might take place.

MR. MEUNIER

Well it's going to be dependent upon how quickly the Government can act on allowing the disposition of this timber. We would hope that if we can get a very quick answer from the Government, we can start construction of our new sawmill site almost immediately. We have all the arrangements made. The design work has been done, the engineers and everyone have been retained. Assuming that this can happen and we can close down our existing operations, immediately upon the shut down of the existing operations, we will be able to swing into the use of the poplar because we will be using one or two of the existing sawmills which are presently operating at the onset. We are proposing, and I would like to go into detail not openly if I could, on the types of product that we will be manufacturing and I think you can appreciate the reason why we have worked quite hard and diligently attempting to establish these markets and fortunately they fell together for us.

MR. MCDOUGALL

Do you have any indication as to whether the market you have found for poplar would likely be a continuous one?

MR. MEUNIER

Most definitely it would be a continuous one. We are very enthusiastic about it. I think we're quite conservative when we indicate 5 million board feet.

MR. MCDOUGALL

Would you care to describe what plans you have for public participation in your development?

MR. MEUNIER

It is our intention to offer participation to the public as soon as such action is possible and I believe as described by Mr. Reed, we must establish ourselves with a track record before we can expect to get on to any exchanges.

MR. MCDOUGALL

Could you describe the financing arrangements that you have relative to your proposal?

MR. MEUNIER

Yes, we do have the ability, with the banking arrangements which we have, to finance the proposal as we have indicated today.

MR. MCDOUGALL

What level of performance guarantee deposit do you feel would be appropriate for your proposal?

MR. MEUNIER

We have been under the impression that it will be consistent with that which we are used to operating under in Alberta within our present quota system.

MR. MCDOUGALL

Have you been able to determine the royalties and revenues that might come to the Province as a result of your development?

MR. MEUNIER

If I might, I would certainly like to have remembered Mr. Bentley's answer, I think it was very adequate. We do have, and that would be my answer, by the way, we do have the municipal taxes which we have obtained from the tax department, which will represent approximately \$18,400 dollars on our plant equipment.

MR. MCDOUGALL

Thank you. What secondary benefits would you care to describe as coming from your proposal?

MR. MEUNIER

Again there are several. If I might just read from our proposal. Statistics determined, in a study by the Canadian National Railways in 1961 and these statistics are somewhat antiquated, that for 100 new manufacturing jobs created there would be approximately \$356,000 dollars additional retail sales, four new retail establishments, 49 non-manufacturing positions, 113 new homes, 136 new automobiles, 479 new residents and 123 new school children.

MR. MCDOUGALL

Thank you. After yesterday's hearing the figure shown in the summary for your proposal was increased from a capital investment of \$3.5 million dollars to a figure of \$4.5 million dollars. With that change, could you confirm that the Department's summary of your proposal is an accurate one?

MR. MEUNIER

Yes, I believe and I missed it yesterday, and I'm sorry Fred, the \$4.5 million dollars does not include any new roads, does not include any logging equipment or any working capital.

MR. MCDOUGALL

Thank you very much.

MR. STEELE

Thank you very much Fred and gentlemen for answering the Forest Service questions. Again our timing seems to have worked out very well. The next part of the meeting will be questions from the floor to the proposed developers and we can resume that in one and one half hours, roughly a quarter to two please. Thank you very much.

LUNCH BREAK

MR. STEELE

Ladies and gentlemen I think we are ready to continue with our hearing and we now invite questions and comments from the floor on the submissions that were proposed this morning.

MR. THOMSON

Thank you Mr. Chairman. My name is Jerry Thomson. I'm the Chairman of the Industrial Development Board, Deputy Chairman of the Administration of the New Town of Fox Creek, Board of Administrators. I have a number of questions and comments that I would like to pose to the Companies that presented briefs.

My first question, since we're concerned about the continued growth and development of our community of Fox Creek, I would like to ask each of the Companies, and I realize that some of them have partially answered this question, but I would like to ask each of the Companies what would be the direct benefits that this community, such as housing etc., could be derived if they were to get acceptance of their proposal.

MR. STEELE

Thank you Jerry. We'll take replies in the order of presentations please with Levesque Lumber first.

MR. INGLIS

Mr. Chairman, Tom Inglis of Levesque Lumber. As you know Jerry, our proposal was for the Whitecourt Block and as far as housing in Fox Creek is concerned from our standpoint, I would think that the Fox Creek presentation or the people representing Fox Creek, if it's a separate operation to ours, they would be adding to it, we wouldn't be from our standpoint.

MR. STEELE

Thank you. Simpson Timber.

MR. REED

In my presentation I indicated that the facilities would be located at Whitecourt. I also stated that the logging and forestry program would offer an opportunity for additional jobs in the Fox Creek area. The number cannot be committed to at this stage because we do plan to use contractors in our construction and logging program and their locations and employee locations we can't predict at this time. We do believe that the operation in the Fox Creek timber Block would offer an opportunity for the creation of 90 new jobs, now just where their residences would be set up, I can't say at this time but there would be, I'm sure, a substantial increase in jobs from that activity.

MR. STEELE

Thank you. That was Mr. Reed. Weyerhaeuser please?

MR. MCINNES

Mr. Chairman, I think we would have a representation in this area for a forestry engineering and planning group with associated logging personnel and road construction that would be proportional to the cut between the two Blocks. It would logically be centered in the Fox Creek area.

MR. STEELE

Thank you. North Canadian please.

MR. BICKELL

Roy Bickell, North Canadian. As you will note from the summary provided by the Forest Service of our proposal, there will be 131 full time jobs in Fox Creek and 62 additional jobs in logging and forestry 8 months per year. Some of these employees would no doubt commute from some of the surrounding areas but our experience elsewhere indicates that most of these people would look for housing accommodation in the Town of Fox Creek. In addition to this the spin-off effect from the required services and supply industry is very hard to estimate but in a basic resource industry it's a very important part to a Town such as Fox Creek. So it's very hard to give you exactly a specific answer but I would judge from our past experience that the majority of these numbers of people that we would require would have to be residents of Fox Creek.

MR. STEELE

Thank you Mr. Bickell. Mr. Meunier?

MR. MEUNIER

Mel Meunier from Fox Creek Lumber. Jerry, if I might, did you make specific mention of housing in that question?

MR. THOMSON

Yes, I did Mel, if you could include that.

MR. MEUNIER

Right. Well as we indicated earlier, we are proposing 184 permanent jobs and 302 seasonal. If I could, I would read the statistics again as stated by Canadian National Railroad survey which was conducted in 1961 that indicated that 100 new manufacturing jobs created \$356,000 dollars additional retail sales, 4 new retail establishments, 49 non-manufacturing positions, 113 new homes, 136 new automobiles, 479 new residents and 123 new school children. If I might go on to the housing requirements, our Company, looking to the future, have taken option on the remaining property in Fox Creek for housing so that if we are allowed to go ahead immediately, we can begin housing programs which will house a portion at least of our employees immediately.

MR. STEELE

Thank you very much Mr. Meunier. You have other questions Mr. Thomson?

MR. THOMSON

Yes please Mr. Chairman. Thank you gentlemen for your replies. My second question is a concern for citizens who are presently living in Fox Creek or a portion of the citizens and these are the present mill operators that are living in Fox Creek. My question, and this will be directed towards Levesque, Simpson, Weyerhaeuser and North Canadian:— In the event Fox Creek Lumber Company does not receive a favourable decision what effect would development by your Companies have on operators in the area and what would be done in order to avoid squeezing out these operators?

MR. INGLIS

Inglis of Levesque. As far as we're concerned, we only bid again as I say on the Whitecourt Block. If Fox Creek doesn't get it and some other company gets it, I don't see there's any problem as far as we're concerned. We're willing to work with whoever does get it as far as Whitecourt is concerned.

MR. STEELE

Thank you. Mr. Reed?

MR. REED

Our plans in this development are predicated on a minimum adverse impact on the existing operators no matter where they may be. This includes both Fox Creek and Whitecourt. We would hope that perhaps there would be opportunities to even enhance at least some of the operators' positions. As far as the term used 'squeezing them out', the wood supply that we predicated our development plan on is an allowable cut which is in addition to the wood that is now dedicated to the existing quota holders. The continuity of those quotas and the operation of those quotas basically is under the management of the Department of Lands and Forests and as I recall previous statements that these quotas would continue on into the future so the impact of our proposal would at least maintain the status quo of existing operators.

MR. STEELE

Thank you. Mr. McInnes?

MR. MCINNES

Mr. Chairman, Dave McInnes, Weyerhaeuser. Our development is based on the assumption that the existing operators would continue to operate under the established quota system administered by the Alberta Forest Service. I think the question was dealt with yesterday afternoon in more detail and perhaps could be more fully answered by the Forest Service personnel at that time.

MR. STEELE

Thank you. Mr. Bickell?

MR. BICKELL

First of all I'd like to state that we've never squeezed anyone out. In fact in Grande Prairie our own cutting rights have super-imposed or mingled with the cutting rights of Procter and Gamble. Today it was said that that's an impossible situation. It is not impossible. I think there are two important points. First of all, the quota system in Alberta has nothing to do with the granting of the rights that are being discussed today as I understand it. The quota rights are separate from the allotment. Not only are they separate but quota holders also have an option of harvesting what they call small wood within their existing quota and on page 9 of the information that we have from the Alberta Forest Service, I'd like to read one sentence: 'It is estimated that quota holders will increase their quota cuts by 15% through utilization of 5 inch to 8 inch diameter class d.b.h. which they are allowed to cut within the saw log quota stands as quota free volume.' So not only can they continue to exist, they could expand into utilization of small wood which our Company has been using in Grande Prairie of recent date and which not all the quota holders in the present area to date have bothered becoming involved with.

MR. STEELE

Thank you. Could we pause for about a minute and a half. We have the complete tape change to make. Thank you.

O.K. We're ready to go again.

MR. THOMSON

My next question is directed towards the members of the head table. It was our understanding that a decision was going to be reached in a matter of weeks. Now I understand that it's going to be a matter of months. I realize that the forest reserves have been there for many years and will be there for many years to come. However we as a town would appreciate knowing the results so that we can start taking planning action. Could you give me some reason as to why its going to take upwards of three months?

DR. WARRACK

Yes I can. The matter of the public hearing that we are holding today is planned in the time profile of the decision process to be somewhere in the vicinity of two-thirds to three quarters of the way through the whole decision process from beginning to end. The beginning, in so far as the contemplated timber disposition we are discussing yesterday and today, was really just about a year ago so on the basis of that it would actually be something like three months or more which is longer than, you know, up to three months, just due to the number of considerations that have to be taken into account. I think that everyone participating in this decision process recognizes that it is a very complex matter and it is also as pointed out in one of the briefs a relatively irreversible matter so that if a mistake is made by a hasty decision, it is a mistake we have to live with for a very long time. Although I do know that there has been the contemplated development here some years before I appeared on the scene nevertheless, I think for the sake of a few months one way or the other, that we'd all be very much happier ten years from now if it was a very well considered and thoroughly considered decision.

MR. THOMSON

Thank you Mr. Minister. I appreciate your comments and concern. However I hope that you can appreciate the concerns of Fox Creek and I believe that I could speak on behalf of Whitecourt, that, as communities, the sooner that we know the better. We have engineering and similar studies that have to be done in order to accommodate the influx of people.

The last two items are comments really. I was a little concerned that some of the members making proposals had not possibly done their homework in that they were somewhat unaware of some of the industry or extent of industry that exists in this particular area. I would suggest to those companies that are interested, the road system that presently prevails throughout here is primarily oil and gas and it would be to their benefit if they were to be aware of these companies and to make inroads with these companies. My second comment, we did a fast arithmetic job, and we are naturally very concerned and hopeful that the decision will be in favor of Fox Creek as well as Whitecourt. I believe that one of the major items is the number of jobs that will be provided. Now the number of permanent jobs provided by a proposal that would be Levesque in Whitecourt and Fox Creek Lumber Ltd. or North Canadian Forest Industries Ltd. in Fox Creek would be only 5% less than the number of jobs which would eventually be provided by the Weyerhaeuser proposal and 35% greater than the Simpson proposal. Personally gentlemen, I think that if we were to go with Levesque and Fox Creek or North Canadian that we're going all Canadian, for one, and there's a possibility that we can develop an Alberta Company. Thank you.

MR. STEELE

Thank you very much Mr. Thomson. Can we have additional questions please?

MR. ZEDDEREY

Merv Zedderey, business man, member of the Fox Creek Industrial Development Board. The question I'd like to ask pertains to Fox Creek Lumber. In what ways have the principals of Fox Creek Lumber contributed to the community of Fox Creek?

MR. STEELE

Mr. Meunier.

MR. MEUNIER

Well, fortunately I hope I can answer all those questions. I'm sure there are a lot of things I'm not familiar with but I will attempt to point out some of the things that my colleagues have done in the past. I think it's interesting to note that some time in 1956 before there was a town, as you could call it, I think it was probably a stop really between Whitecourt and Valleyview, Mr. Mostowich was instrumental in building the first streets as they were in Fox Creek at that time. It's my understanding that both Mr. Mulyk and Mr. Mostowich were involved with planer mills in what we now know as downtown Fox Creek. Mr. McCorkle has been very active in all service clubs. I believe he is the past president of the Lion's Club here in town and I am not certain of the other clubs. Perhaps he could elaborate on it. I also believe that because of his very good qualifications Mr. McCorkle acts on several occasions as our Santa Clause and various other things in our community. I think it is pretty hard to point out, I'm sure, that each of the other gentlemen here today can stand up and say what they've done. I'm sure they are familiar with what they've done in their communities and I think everyone in Fox Creek is certainly familiar with what contributions in the most recent years have been done by Ross and perhaps myself as being a resident here for the last four years.

MR. STEELE

Do you wish the other companies to comment? No. Thank you. I'm sure we have more questions.

MR. KREINER

My name is Helmut Kreiner from Whitecourt. My question is to Mr. McDougall or the Minister in regard to the question to the companies this morning if they would be able to re-negotiate the Whitecourt Block only in the event that one block is given away to Fox Creek either to Fox Creek Lumber or North Canadian. Would there be a decision made within three months at the same time when a decision is announced for Fox Creek? Will there be a decision for Whitecourt as well or as in the past, we've been dragged along four or five times I know of. Will it be said O.K., now we are going to have a new deal for Whitecourt again, we're going to start all over again, and have a new negotiation about the Whitecourt Block because you're looking for a more favorable development or do you want to give these companies who bid before a chance to bid again on one block only.

DR. WARRACK

I can certainly appreciate the frustration that many people of the area and particularly the immediate Whitecourt town district have felt with the problem of what I think began about 15 years ago and never did materialize and out of that context your question, sir, is certainly a most valid one. I think I'd point out also that this is the first time that the extent of flexibility in timber disposition of separated blocks or two blocks together has been a possibility so that these options that now are before us are options that never were before presented. I think that may have had something to do with why there was not a resolution of the question of timber disposition in those years past which if I might add again were before my time. But to come to the immediate matter, and the question of timing as you pose it. The question is whether or not there would be a total separation or total integration of the two blocks that are before us for discussion yesterday and today. In the instance that they might be totally separate then it might be that different timing could be possible for each of them separately but, on the other hand, if they are decided to be disposed of as one block which is one of the options, then all of the considerations respecting both timber blocks have to be taken into account at once. It's also been mentioned by a number of people putting forward the proposals today that they would be more than pleased to work

with other operators within the area and within the forest industry and that some of this could involve materials that would flow from one company to another and back and possibly between locations. If this is the case, then this might tie the two blocks together and all of these options have to be appraised as carefully as possible to come out with the best decision that we can all live with in the longer term. One final point in response and that is that I'm sure you noted one of the questions posed by Mr. McDougall this morning of those suggesting an integrated two block approach for development is whether they would consider one block if the other were allocated. I think the answer in both cases was that this would be given consideration.

MR. STEELE

Thank you Mr. Minister. I'd like to make one comment if the Minister doesn't mind. When he says before my time, I know he's very young, but he means before his time in Government not before he was born.

MR. INGLIS

Mr. Chairman, Inglis of Levesque. I'd like to make a comment on the Minister's statement. We have made a proposal, we've made it public and we took from the notice that the proposals were to be in by February 28. I think it would be very unfair to open up the separate block of Whitecourt to other people now that our proposal was already before the public. I am very surprised at that approach to it.

DR. WARRACK

I'll respond in two ways because this is an option that was not precluded in the initial request for proposals and also, to be very frank with you, the proposal as presented yesterday is quite different from the proposal that we had on hand from you on February 28.

MR. STEELE

I believe you wish to ask another question?

MR. KREINER

Mr. Kreiner from Whitecourt again. I want to ask it maybe more direct. Is the decision announced for the Fox Creek block not necessarily the decision for Whitecourt? Could it be that the decision for the Whitecourt Block then will be in a year from the announcement of the decision for the Fox Creek Block? I mean if you announce in September that one of the two applicants for the Fox Creek block are successful then you say Whitecourt is not decided and we're going to open it up and we'll wait another year and we're going to have to see what we can come up with for Whitecourt. Will it be at the same time or could it be a year later?

DR. WARRACK

I think I outlined the circumstances under which it could be at a different time or at the same time depending on whether the two blocks were interdependent. That's really the question. If you are also asking whether, assuming there was a separate disposition in the Fox Creek area, would you have to wait a year or some such time period as that before there'd be progress on the Whitecourt block, I would think the answer to that would be clearly no.

MR. INGLIS

Inglis of Levesque. I don't want to be talking all the time, sir, but one comment I'd like to make. As far as I was concerned our proposal that we made on February 28 and the one I made yesterday, differs only I think in one area and that's local participation. Now I didn't think that was a major difference. As far as the rest of it was concerned it was the original proposal. The reason, and I might go a little further, our financing was arranged primarily

before we came and if someone had the indication that we required the local participation to make the thing viable, that's not the case. We were asked by some of the citizens if they would be able to participate and that's why we made the offer to them.

DR. WARRACK

Well, I imagine we could conclude our dialogue by the recognition that I'm sure you have, and that is, that no proposal necessarily is accepted and that there is an additional company involved with you beyond what was the case in the February 28 date of proposal and also in terms of the content of this and much of the critical detail that is necessary to evaluate it, that is quite different in the sense that the proposal as set forth yesterday had a good deal more detail to it. This of course could be very helpful in the decision process.

MR. STEELE

Thank you. Do we have further questions?

MR. LONGSTAFFE

Longstaffe, North Canadian. Mr. Chairman could I seek some information for clarification purposes with respect to this matter of DREE grants. As I understand it, of the five applicants there is only one which has made it clear that they are not applying for a DREE grant and that is North Canadian. With respect to the other four applicants, I understand that all four are intending to apply for a DREE grant but that only two, Levesque and Weyerhaeuser, have made it a specific condition that the DREE grant must be granted before they proceed. As I understand it sir, and I am leading up to a specific question, but I would like to lay some of the background to make sure the understandings are clear, DREE grants are only available to projects which do not provide a sufficient return on investment on their own merits. In other words they are somewhat marginal projects with respect to investment and DREE grants are only available if the project would not go ahead unless Federal Government assistance were available. I wonder sir if we could ask both Levesque and Weyerhaeuser how much of a DREE grant they feel they must receive before the condition is met to their satisfaction.

MR. STEELE

Yes, I'll ask Levesque to comment on it first then please.

MR. INGLIS

Inglis of Levesque. As far as the amount, that hasn't been established at this time and I'm not prepared to quote a figure right now.

MR. LONGSTAFFE

Well, I understand that there are no fixed rules as to the amounts of DREE grants and that each project is determined on its own merits. On the other hand we have two applicants who are saying it's a condition that we must have a DREE grant so surely we must have some indication as to how much of a DREE grant they would be satisfied with before the condition was met. Otherwise it seems to me that if either of those companies was given a timber allocation it would first be contingent upon a DREE grant being granted and then you still wouldn't be sure how much of a DREE grant it had to be before the contingency was met. So it seems to me you don't know quite where you stand.

MR. STEELE

I'm afraid that I'll still have to ask the companies to comment on that. The DREE grants are a Federal matter, not a Provincial matter. The negotiation is between the industry itself and the Federal people. We don't directly participate as a Province as yet and if you wish a more positive answer, all you can do is ask for it and if they cannot give it then it's up to them.

MR. LONGSTAFFE

I understand that, but I do pose the question through you Mr. Chairman to the two companies.

MR. STEELE

Could we try Weyerhaeuser now?

MR. MCINNES

Mr. Chairman, Dave McInnes of Weyerhaeuser. There are two parts to DREE and I think this has been overlooked by Mr. Longstaffe. One is a direct incentive based on the return that is acceptable in the industry and in the case of the Whitecourt area there is an additional grant that is available. This is essentially a Federal Government grant to the Provincial Government. This is for what they choose to call services that are normally social services such as bridges, roads, etc. We have made the application, none of the detail has been finalized but it appeared to be an opportunity that we and potentially the people in the area really couldn't pass by in the spirit of which it was offered. It had two dimensions. One a direct and unspecified amount. It depends on their analysis of the project and secondly a direct Federal grant for roads, bridges, etcetera to the Alberta Government.

MR. STEELE

Thank you Mr. McInnes. I would like a comment from the other companies, Simpson Timber and Fox Creek Lumber on this point too. Could the Simpson Timber comment, please.

MR. REED

What was the question you wanted answered, Mr. Chairman?

MR. STEELE

Would you care to reword the question Mr. Longstaffe?

MR. LONGSTAFFE

I think the question, Mr. Chairman, to Simpson and Fox Creek Lumber would be that, as they have stated that their projects are not contingent upon DREE, then it would appear that although they would be applying to DREE, if they were awarded the timber, they would still be going ahead with the projects. Is that a correct assessment of their position?

MR. REED

I responded to that question yesterday and hopefully on a T.V. replay the answer comes out the same the second time as it did the first time. We have advised DREE that we intended to make an application if we were awarded this resource for development. We believe that the project qualifies for a DREE grant. We assume that it will be awarded. We are utilizing in addition to DREE other types of financing including a capital infusion from the parent company. The issue of whether or not the project would go ahead if the DREE grant was not made available is a decision that I think we would want to take under consideration at the time it occurred. It would depend upon the circumstances prevailing. I just don't think that it's appropriate for me or anyone else for that matter who contemplates a DREE grant to answer that question at this time. I have to say that I don't think it's really pertinent to the consideration of this hearing.

MR. STEELE

Thank you Mr. Reed. Would Mr. Meunier wish to comment on the question?

MR. HITESMAN

My name is Larry Hitesman. I'm the Accountant for Fox Creek Lumber. It was the understanding of this Company that applicants for this timber were required to have secured their financing prior to appearing at these public hearings. The Company has arranged a collateral line of credit because they understand they do not presently lie within an area designated under the DREE program for assistance. Should this area become designated then the Company would apply to DREE for assistance.

MR. LONGSTAFFE

If I may make one comment Mr. Chairman to Mr. Reed. The reason I believe, sir, that DREE grants are relevant to these hearings is because certain applications for DREE grants are an indication that the projects entirely on their own merits do not provide a satisfactory economic return on the investment of the people who are the entrepreneurs behind it. And therefore it's an indication that the projects are somewhat marginal and that, for a good portion of DREE grants, they are grants only given to projects which would not go ahead if it were not for the fact that Government assistance at the Federal level were available. That's why its relevant to this hearing, I think, sir. In other words those who feel that DREE grants were important to their projects are acknowledging that to some extent their projects do not stand on their own feet economically.

MR. STEELE

Yes Mr. Reed, if you wish to respond.

MR. REED

In my opinion the application for a DREE grant in no way states or assumes that the project is not economically feasible. We have experience in this, a case in hand, having to do with the development in Saskatchewan where the DREE grant was applied for and was awarded. The fact of the matter is, I think one of the considerations given was whether or not it was going to be a good project. So I don't think it is at all in my understanding a requirement, which it seems to me is less than a desirable requirement, to ask the Federal Government to support something that is going to fail. I think the purpose of DREE is to offer incentives to improve the opportunities to develop in areas that require a considerable amount of financing, a considerable amount of risk and it encourages people to get involved in these developments. I want to be sure that the record states that we in no way, because we have applied or intend to apply for a DREE grant, think that this operation is going to be economically unsuccessful. I think I could also add, which I believe has been stated previously, that in trying to meet the criteria set forth in the prospectus, which was maximum utilization of the type of timber that is not now committed to the existing quota holders, is a difficult venture. No question about that. We're utilizing a large volume, a large number of pieces of quite small trees that have not been utilized before. We're also attempting to utilize and plan to utilize the poplar species which will be of great benefit to the Province and to the areas in which this operation is installed. I think that's the reason why we feel justified in attempting to obtain the benefits of a DREE grant. I think a logical conclusion is that if the conversion of the kind of volumes and the kind of timber in this location, the utilization of poplar, was not a difficult task, this timber probably would have been allocated for use a long time ago.

MR. STEELE

Thank you Mr. Reed. Do we have further comments on this particular issue? Could we have other questions then, please.

MR. BAXTER

Reg Baxter, Fox Creek. I'd like to direct my question to the head table. Regardless of

whether the major developments in this forest industry take place here or Whitecourt, I would assume perhaps that the staff of the Alberta Forest Service here in Fox Creek will have to be increased and if it is increased would you have any idea how many people would be coming in?

MR. STEELE

We haven't determined an exact number and we have to wait until decisions are made on the timber allocations. As I mentioned yesterday we have added staff where additional timber developments have taken place elsewhere in the Province, not necessarily added, in many cases we've taken away from other places and relocated the staff to higher priority areas. I can't possibly forecast at this time. All I can say is that in proportion to the increase in timber production in the total Whitecourt Fox Creek area we will have to add additional manpower to contend with the management conditions under which we expect the operators to work.

Do we have further questions from the floor?

MR. HERALD

My name is Joe Herald. I'm a service company operator in Fox Creek and I'm a member of the Administration Board of Fox Creek. My first question is to the Minister or any of the panel. This question was asked in Whitecourt yesterday and I never received an answer that I thought was fitting. Within the two timber blocks there are 120 traplines. What will happen to the trappers, their homes and their traplines?

DR. WARRACK

That question was posed yesterday in Whitecourt and we indicated that that would be a matter that we would have to take under advisement. There is not a long term tenure that goes with traplines but in terms of just what accommodations might be essential would be something we'd take under advisement and work on and I believe that was the answer given yesterday also.

MR. HERALD

Thank you, I wanted the people of Fox Creek to hear that.

MR. STEELE

I might add one other comment. We have had extensive cutting going on in other parts of the Province and after the question yesterday, we reviewed the type of answer that we would come up with. We've only had two complaints to our knowledge from trappers as a result of timber operations and in both cases they wished timber retained around the trappers cabin and we managed to arrange for that.

MR. HERALD

Thank you. I have another question directed to the panel. Back in 1965, another fellow and I were in the Department of Lands and Forests office in Edmonton, trying to get some land out here for homesteads east of town and at that time they said there was a program scheduled for 1972 to open up the area east of Fox Creek. I just wonder what happened to that program?

MR. STEELE

Was that to open up an area for homesteading east of Fox Creek?

MR. HERALD

Right.

We pointed out to them at that time that there was a lot of land east of Fox Creek with just red willow on it, which won't produce trees in a few hundred years.

MR. STEELE

I'm sorry I don't think there's anyone here that can answer that question. We don't have a representative from the Lands Division. We do have a system of determining whether land is suitable for agriculture or not and if so it generally is opened up at an appropriate time and I'm afraid that's the only comment we can make at this time.

MR. HERALD

Dr. Wood was the Director at that time. I would like to ask North Canadian a question. I'd like to know how many truck loads of chips there would be in 18,000 feet and also how many truck loads of peeler logs there would be in 3.7 million board feet of peeler logs.

MR. STEELE

Were those particular figures from one of the companies?

MR. HERALD

North Canadian, yes.

MR. STEELE

North Canadian, you have experience with the movement of chips. Mr. Bickell, I wonder if you could comment please.

MR. BICKELL

Yes, I believe Mr. Herald is referring to our summary or my comments. Two sections, peeler logs would be manufactured at Grande Prairie, 3.7 million feet or 12% of what we estimate is the annual allowable cut. We are assuming that these logs would be hauled. First of all I should qualify in answering this, the size of loads I think is very important. A 72,000 lb. load would be the legal maximum weight allowed. The trucks would probably be hauling in the neighbourhood of 5,000 board feet and hauling annually 3.7 million. Pulp chips, 18,000 bone dry units. A bone dry unit of chips is 2400 pounds bone dry, before drying it would weigh approximately 44 to 48 hundred pounds. There are many configurations that probably could move pulp chips in different types of vans but again a 5 axle maximum Provincial Highway Regulation would limit that again to 72,000 pounds. I haven't taken the trouble to work it out but 18,000 bone dry units would be approximately 600 truck loads of chips.

MR. STEELE

Thank you very much Mr. Bickell.

MR. HERALD

Well it seems to me like that would be quite a few trucks on the road going to Grande Prairie.

MR. STEELE

Mr. Bickell would like to comment further.

MR. BICKELL

That's a very interesting point. I don't know if it is appropriate Mr. Chairman to expand on that right now or not. I'd like to do it now or perhaps after Mr. Herald is finished asking his questions.

MR. STEELE

Fine, perhaps we better leave it for the time being.

MR. HERALD

Well I'd like to ask the panel again about the buffer zones around lakes and the buffer

zone around Fox Creek. I'd like to see a five mile buffer zone around Fox Creek and at least half a mile buffer zone around the two main lakes for camping and cabins. I'd like a comment from the panel please.

MR. STEELE

We'll have Mr. McDougall give you our present regulations on it.

MR. MCDUGALL

I think yesterday at Whitecourt we described what the present stream side and lake side reserves are. I think today you changed your question or it is a little different question in regard to the Town of Fox Creek. I think we would certainly have to co-ordinate any timber removal in the environs of the Town of Fox Creek with the Town Planning people and certainly what we would try and do is co-ordinate that in such a way that any timber harvest was designed to facilitate or remove any log salvage problems and avoid the waste of the timber but at the same time if there were any particular stands that should be reserved for aesthetic reasons I'm sure that that can be accommodated within the vicinity of the Town of Fox Creek. In general, on any lakes with significant recreational potential, the Forest Service delineates a reasonable distance around such lakes and does not allow harvesting within the distance specified. In regard to streams and rivers; major rivers – no logging is allowed within 330 feet of either bank and on secondary streams no logging is allowed within 150 feet of either bank. In such circumstances where removal is necessary for some reason or other no machinery is allowed to operate within one chain of either bank.

MR. STEELE

Does that answer your question Mr. Herald?

MR. HERALD

Yes, I was concerned, I just wanted to know a little bit more. Thank you. That'll be all.

MR. STEELE

Thank you very much. Mr. Bickell?

MR. BICKELL

First of all I'd like to correct the figure I just gave. North Canadian has been sending chips from Grande Prairie to pulp mills in British Columbia by rail cars and, in calculating, I used the equivalent of rail cars, there would be 600 rail cars per year. It would be approximately 1800 truck loads per year, but in 300 days of operation, because we propose a continuous year round operation, it's only 6 truck loads per day. I do believe that raises a very interesting point in yield. The reason we are not applying for DREE assistance is that our proposal is economically viable on its own merits because of our high recovery from small wood referred to as yield. We believe there are a number of basic factors that the Government needs to consider, the environment protection, multiple land use, reforestation and the like, but really I also think that they are common denominators to all proposals and all successful candidates. Supplying employment at both Whitecourt and Fox Creek is very important, financial ability is important but most significantly I think that the best combination of maximum utilization, maximum revenue and maximum employment is very important and I would like to pose a question of Fox Creek Lumber in regard to yield. We note that the timber that is being discussed today in the Fox Creek block, using a figure of 35 million I believe as referred to by Fox Creek Lumber, plus their own quota cutting rights of 22 million add up to 57 million. From that they propose the manufacture of only 64 million feet of lumber and 44,800 bone dry units of pulp chips and from our experience in Grande Prairie, utilization of small wood, etc. these figures seem to indicate a low yield and only high in the recovery of chips. Could someone from Fox Creek Lumber comment on that?

MR. MEUNIER

Mel Meunier of Fox Creek Lumber. Unfortunately Mr. Chairman we have not enjoyed the ability and the longevity of our operations to have the expertise North Canadian have in this area. We have based our figures on, confidently we feel, reports supplied by Sawcon Services Ltd. out of Vancouver. We use a bone dry unit conversion of chips of 0.7 which I believe, and again I must point out that I do not have a great amount of experience because we have not been experienced in this area, but it is my understanding that the range for the .7 is comparable, perhaps very conservative, but again we have attempted to be conservative in all of our estimates in our proposal.

MR. BICKELL

Might I just make one more comment.

MR. STEELE

Yes Mr. Bickell.

MR. BICKELL

The basis of my comment was our Grande Prairie experience. We are proposing in Fox Creek, after removal of the 3.7 million feet of peelers, then the manufacture of 44 million feet of lumber and only 18,000 bone dry units of chips. Thank you.

MR. STEELE

Thank you. Do we have further questions? There may be an opportunity later on, if you think of any in the meantime. I think now we'll proceed onto the private briefs that were submitted. Some of the ones that were presented yesterday, and I'll read them off now, one from the Alberta Fish and Game Association will not be presented today, neither will the one from Western Construction and Lumber Company Limited or the one from the Town of Whitecourt. However there were several briefs that were on my list that were not presented in Whitecourt and they will be presented this afternoon. There was a request from the Fox Creek Industrial Development Board to hold their presentation until the end when they can show a slide presentation so I'm going to call on the others in the order I have them written down here which is in no preferred way at all. First from Mr. R. J. Derrick of Fox Creek.

MR. R. J. DERRICK

Mr. Chairman, Mr. Minister, Ladies and Gentlemen.

My proposal is a private one and my considerations are not for the development of the forests in this particular instance but rather for the effect that the development might have on the public school in Fox Creek. Any proposal to expand the forest industry in this area that has been submitted to the Government will affect each and every individual in the community. Should the Government accept a proposal that would see development in the Whitecourt area and not in the Fox Creek area, the ramifications for the community will be long range rather than immediate, in that we will probably not see any major change in the nature of the community immediately. But because Fox Creek presently exists largely for a single industry, the oil and gas industry which is non-renewable, then the long range effect of such a decision by the Government might conceivably see Fox Creek end up as an abandoned town. The second alternative which would be to have some development take place in the Fox Creek area would have immediate effects on the community. All individuals and organizations within the community would benefit both by the goods and services that would be made available through an employment multiplying process where you have a large second major industry being established here. Now the purpose of my submission is not to argue for or against any particular proposal, but to examine, as I said, some aspects involving the public school.

Presently Fox Creek's school serves some 345 students in Grades 1 through 11 and employs 18 professional staff plus four auxilliary staff. This student population could be said to be typical of any sizable group anywhere else in the Province with two exceptions which may make them atypical — the first is that they have a high rate of transiency largely due to parental transfer in the oil companies. The second thing that makes them atypical is that the age of the town gives us an inproportionately large number of elementary students in relation to the secondary grades. The number of people in transiency can be said to affect the school in several ways. First there does not exist a large stable student body among whom tradition can be nurtured or with whom extra curricular activities can be carried on from year to year. Secondly, classroom enrollments fluctuate throughout the year which makes it difficult for teaching. We may start out with very high enrollments which means that the teacher has to give less time to individual students and during the year these may drop to very small enrollments, and lead to such things as split grades. Should a lumber industry be established in Fox Creek, it is likely that the relative degree of transiency would be lessened and even though we did have transiency remain in the oil industry because of its nature, the amount in an individual classroom would be lessened. The disproportionately high enrollment in the elementary has another effect on the school, and that is under present circumstances, Grade 12 students in this community must obtain their schooling elsewhere in the Province, and also we are forced to give restricted course offerings in Grades 10 and 11. We offer at present slightly more than 100 credits in Grades 10 and 11 and this is sufficient for matriculation requirements in those two grades plus some business education and some social science options. Because Fox Creek is a technically orientated community, basing its industry on oil and gas, there is naturally a high interest in technology, and in technical training and because of the size of our high school population, we are unable at present to offer these courses. I think the increase in high school enrollments that would result from the establishment of a lumber industry in Fox Creek, would allow for several badly needed changes in the high school program and I would number these as four:

1. An extension of our high school program to bring about the inclusion of Grade 12.
2. An expansion into a vocational program.
3. An expansion into a business education program.
4. The acquisition of new physical facilities which would allow for a more complete separation of elementary and secondary grades.

The above, though brief, outlines several of my reasons why I would feel that it would be desirable to have a forest product industry locate in Fox Creek and I would urge your committee, Mr. Chairman, to give serious consideration to any proposal that would see a portion of development in this community. Thank you.

MR. STEELE

Thank you very much Mr. Derrick. The next brief on the list is the East Smoky School Division No. 54. I'm not sure whether I should allow them to present their brief until they allow me to smoke my pipe in the auditorium.

MR. KOZELUK

Mr. Chairman, Honourable Minister, Ladies and Gentlemen. I only carry out the regulations, I do not make the policies so you take your life in your own hands if you smoke your pipe.

Perhaps a comment or two before discussing briefly our submission regarding the lumber development in Fox Creek. Perhaps the distinguished array of speakers we've had today, haven't noticed what they were speaking from, and I hope they take it into consideration when they sleep tonight. This is actually a pulpit and it does have under that covering a crucifix and I hope that's symbolic of whatever you are trying to do this afternoon.

The reason that the East Smoky School Division has a submission here is because the Board of Trustees is concerned with people. With all people in a particular area and when we found out that there was a possibility of population growth through industrial development in Fox Creek, the Board of Trustees saw fit to make a submission in support of this sort of development in this area. I believe that Mr. Derrick, Principal of this school, has outlined some of the problems and so forth existing in this area. Fox Creek is certainly a Town that, as far as chronical age is concerned, is very, very new. However their determination and their very clear site of goals and where they want to go, I think is quite commendable. The school and the auditorium that you are sitting in now is less than two years old and has been in use for less than that time. The School Division is anxious to provide complete facilities, a complete program in Fox Creek and population is our problem but also solves problems insofar as our objectives for the people in the community are concerned. The school has been designed so that additional classroom construction can be made readily. The school has complete facilities for gymnasiums, for sports, industrial arts and home economic facilities, typing rooms, library, labs, science rooms and numerous ancillary rooms. The classroom areas are at the present time adequate, more than adequate and I believe that with the support we've received from the Government in the past, if we suddenly had an influx of population in our school I think we could cope with it quite readily because we have a fairly solid basic unit upon which to work at the present time. I believe that you have already heard some of the problems involving small enrollment and so forth. I don't think these are really major problems. They are sometimes minor problems, that are solved temporarily and so forth. But basically what I want to say is that the school system as it exists in Fox Creek at present and because it is very new, it still is doing a very commendable job of providing the people a pretty high quality of educational service and I think this is a consideration that has to be kept in mind when there is an industry considering establishment in the Town because the young people will eventually be you and 1, 15 or 20 or so years from now. We hope, and I think it is the objective of the East Smoky School Divisional Board, to establish complete Grades 1 through 12 as soon as feasible, as soon as possible and we know that it's desirable. The board hasn't lost sight of that and has been aware of this in the past two or three years since the coming of Junior and Senior High grades to Fox Creek.

Looking at what has happened in Fox Creek in the last two or three years, the community in Fox Creek is very anxious to develop a school community concept and I think that some of you that got here perhaps slightly earlier than I did realize what an important role this school plays in this particular community and want to say that it will continue to build that way. We're looking forward to more people so that we can have more and better services than we have at present. So we're looking forward to the development of industry here so that we can develop our educational facilities, programs and so forth so that we can serve all the people, the children as well as the adults as well as the very young children. Therefore the Board of Trustees of the East Smoky School Division urge that the decision makers give full and positive consideration towards the establishment of a second industry in Fox Creek and specifically that the Provincial Government support the implementation of a proposed lumber operation, a second industry in the Town of Fox Creek. I believe that there has been considerable said about Whitecourt and Fox Creek. There are other communities and there's one halfway between here and Grande Prairie and this is the Town of Valleyview where the East Smoky School Division has its offices and the Board is well aware of the far reaching socio-economic implications for the communities in this area and this is all the communities in the Peace River block. Somewhere around here there must be a line whereby you jump over the line and you are then in the Peace River block. So in conclusion I wish to say that on behalf of the East Smoky School Division we are vitally concerned in making provisions for the finest educational, cultural opportunities available to the people in this part of the Peace River region and it is for this reason that we have made a submission in support of development of the nature talked about this afternoon, here in the New Town of Fox Creek. Thank you.

MR. STEELE

Thank you very much. The next one is Mrs. Eleanor Thomson.

MRS. THOMSON

As it's my pulpit now I'm going to turn it so I have view of the full audience.

The Honourable Dr. Allan Warrack, Mr. Peter Trynchy, Members of the Panel, Ladies, Gentlemen and Students. My name is Eleanor Thomson and along with me today I have Florence Trueman and Joan Wetaski and I think I'll refer to we three ladies as the Fox Creek Fighting Ladies. Florence Trueman is a Fox Creek representative on the Whitecourt Hospital Board, Chair Woman of the Church and Society Committee for the Fox Creek United Church and has been a resident in Fox Creek for over six years. There are other people who have lived here longer and I would perhaps mention Des and Otto Ritter at this time who have lived here for over ten years, going on twelve and the MacArthurs about that long too, because these people have certainly pioneered in this area. The other member is Joan Wetaski and she's lived here a little over three years and Joan is presently President of the Fox Creek Community Ladies Club and Secretary of the Fox Creek Library and a member of the Fox Creek Fish and Game. I'm Chair Woman of Christian Life and Work for the Fox Creek United Church, Vice President of Parent-Teachers Group, member of Fox Creek's Ambulance Division and a member of the present Legislative Committee representing North Western Alberta and I've been resident in Fox Creek just about three years.

Much has been talked about Fox Creek being an oil and gas community or industry, and this industry is a depleting resource. The lumber industry is a continuing resource. Because lumbering is a continuing resource, we strongly feel the industry will help bring stability to Fox Creek. With this stability will come increased numbers of classrooms and at this point I pause and thank Mr. Kozeluk for his comments about the pulpit here today and the Crucifix that is hidden beneath the cardboard in front. From the additional classrooms that are most important to our community and our school which is a pivot from which this whole community evolves, we can go onto additional retail establishments that this development would bring in, increased sales, numerous non-manufacturing positions would be brought in because the increased population would need this for their benefit. Needless to say there would be many new homes being built here and because of the homes there would be additional work for people within the Province.

To date Fox Creek's growth has been attributed to the growth in the oil and gas industry located here, with 85 percent of the total population here earning its living from this one industry. Since 1969 Fox Creek's population has grown considerably. In 1969 the population was 869 and the present population in 1973 is a little over 1500, the census is 1547. Even with this jump in population retail business in Town has grown very slowly and with very few new businesses or services. We have in here a very young average age of 28 years. It has been referred to as a very young community and they were referring to the very young average age of the population here. There are many young married couples that have a very young age of family attributing then of course to the very high enrollment of the primary grades here in the school.

Approximately 95 percent of all the homes in Fox Creek are owned by the oil and gas companies with a very small percentage of individual home owners. Even this very small percentage of home owners is slowly increasing and we must say at this time that this is a definite benefit to the Town and we must thank these people for their courage and their faith in the business prospects and in the community of Fox Creek because it means that these people are willing to invest in the future of Fox Creek. Additional population will result in more participation in churches, service clubs, organizations, and the use of present facilities, some we've outgrown already.

Fox Creek is an attractive rural town, with hunting and camping close at hand. We need more people to make our municipal administration a more economical unit making it possible to provide more facilities to the people here. Perhaps a broader selection of

recreational and amusement opportunities will result.

In attending yesterday's hearing in Whitecourt it was indeed an affront I feel to the citizens of Fox Creek to be totally excluded from any benefit to our Town by the two companies who propose to locate only in Whitecourt. While I can understand their reasons, I still considered it an affront. As it was mentioned too, yesterday, greater employment would result if indeed two companies were given the right to operate, one in the Whitecourt Block and the other in the Fox Creek Block. To us this is the type of solution we are looking for.

As a group of concerned women of the community, we solidly back the proposal made by Fox Creek Lumber Company. We back them because they are the only Alberta firm making a proposal and we strongly believe in Alberta's resources for Albertans. The four sawmill operators that have formed Fox Creek Lumber are presently operating right now in the Fox Creek Block and have been for a good number of years. They have a good record with the Department of Lands and Forests and I think it is quite in order to say that they've earned the right to be here. They have the experience and the expertise to develop this industry.

Although Fox Creek is a small town with limited facilities, we want the opportunity to grow. We have a goal and as people in this Town we want to progress. Mr. Loughheed has frequently spoken about decentralizing industry so as to improve the quality of life in the rural areas. We are a rural area and we need the quality of life to be improved. This can only come about as a result of more industry being based in Fox Creek with the employees located here and an integral part of this community. I also have an excerpt from a clipping from the Journal dated July 5, 1971. It's from a speech made by Dr. Hugh Horner who at that time was a member of the opposition, and this is his statement:

'It seems to me we need a whole new policy for Alberta forests. It's about time we looked after our own people. The local sawmill operator has endured the hardship of initiating his industry, some of them over a very long term of up to 25 years. We say 'give him a chance', don't ignore his efforts.'

These men have shown in their brief a very comprehensive endeavour. Surely the Provincial Government and the banking institutes of this Province would be willing to back their own people and to develop their own resources. We strongly feel that proven faith and endurance and ability should have recognition. Is there not a point at which concern for your own people outweighs everything else and who better to lead the way than the Provincial Government. We have a deep and absolute faith in Alberta for Albertans. I thank you.

MR. STEELE

And thank you very much Mrs. Thomson. Joe Herald, you have a brief that you will be presenting.

MR. HERALD

Yes Chairman. I have a brief on the proposed Fox Creek forest resources development. The following are relevant points to the proposed forest development of timber blocks near Whitecourt and Fox Creek.

There are two blocks, there should be two separate companies receiving these blocks. This would be fair distribution of our resources, create more employment and further development of the two centers. This is a one time and long lasting development. This would give Fox Creek a second industry, thereby ensuring its future as its present primary industry, being oil and gas, is of a depleting nature. Other proposals will cause much heavy equipment being moved over Highway 43. The Fox Creek timber block should be allotted to the local company, Fox Creek Lumber Limited for the following reasons:

Based on their proposal the Directors of this Company are presently operating mills in this block. Fourteen years of observation have shown each operation has been efficient. With their combined knowledge they will be able to operate Fox Creek Lumber Limited and develop the proposal. Our Premier's election theme was Alberta for Albertans. This Company is all Albertans. The Directors of Fox Creek Lumber Limited have already spent considerable time and money on roads in the Fox Creek Block. This Company will do its best to preserve our wildlife as already demonstrated in the past. If any company, other than Fox Creek Limited receives the Fox Creek Block, their present operation will continue to operate a few more years, then they will have to move or shut down. This will be a demoralizing prospect for these Albertans. Thank you.

MR. STEELE

Thank you very much Mr. Herald. Yesterday we had a brief from a Mr. Robison on behalf of the Alberta Trappers Association, I'm not sure whether he intended to present it today or not. Is he here or is there anyone to represent him? I assume not. The last brief that I have listed is the Fox Creek Industrial Development Board brief. I would like to leave that to the end at this time if there are other briefs or other questions we can deal with them now. Are there any other briefs that anyone would like to present at this time?

MR. THOMSON

Mr. Chairman, is it in order to make comment. Does it necessarily have to take the form of a brief?

MR. STEELE

No. Go ahead.

MR. THOMSON

There was one point that Mr. Derrick made regarding the numbers of people that are being transferred out of this Town. Speaking on behalf of one of the major oil and gas companies working in this area, Hudson's Bay Oil and Gas, unfortunately that is not the case. Since the beginning of this year we have lost 15 percent of our working force. This is mainly due to resignation and one of the major reasons for this is the lack of facility and services, such things as Grade 12 here in Fox Creek. Speaking on behalf of the Company I think it can be best summed up by the last paragraph of a letter that Mr. Stan Olson, Executive Vice-President of the Company, sent to the attention of the Industrial Development Board and I would like to quote:

'At the present time the Town has an attractive residential area but commercial, school and recreational facilities are limited. Unless there is further population increase, continued growth of these essential adjuncts, cannot be expected. We therefore endorse the action of the Industrial Development Board and are pleased to offer it our assistance.' Thank you.

MR. STEELE

Thank you very much Mr. Thomson. Are there any other comments or questions? Mr. Bickell.

MR. BICKELL

Mr. Chairman, I have two comments I'd like to make. First of all in regard to the Eleanor Thomson brief, I'd like to endorse that brief but would like to make one correction and also comment most favourably on the very good presentation. The correction I'd like to make regarding the Alberta company in our presentation, in our brief earlier we made this statement:— North Canadian is an Alberta incorporated Company with all of its assets and its Head Offices in Alberta and has been for a number of years.

Second comment I'd like to make would be in reply to the comments of Joe Herald. First of all the same comment regarding the fact that North Canadian is an Alberta

Company but secondly I would be a bit concerned about Mr. Herald's comment regarding the quota holders operating a few more years and then shut down. I did comment on that earlier and I'm sure my comments are correct in the fact that there would be no need to consider closing down of the present quotas in fact larger quotas are potentially available. Thank you.

MR. STEELE

Thank you very much. I'm in a difficult position as the Chairman of deciding whether a man or woman should have the last word.

MRS. THOMSON

The decision is mine. I apologize for painting you with a brush of not being an Alberta company. I should say that we back Fox Creek Lumber because they are a local Alberta company. All right? Thank you.

MR. STEELE

Thank you. Do we have any further questions? This is the last opportunity before the windup by the Fox Creek Industrial Development group.

MR. HERALD

Thank you. My brief was written up before I heard these proposals from these other companies and if I caused any embarrassment to them I'd like to apologize.

MR. STEELE

That's very good of you and thank you.

We've held these hearings so that we can get a maximum input from you people towards the decision making process which follows. It's going to take, as we've indicated, quite some time. I would like to mention as I did yesterday that there is an independent assessment being made by a consultant of these hearings and of the proposals and they will be presented to the Minister as well as the recommendations made by various members of the Government, from other departments as well as our own Forest Service. The Minister of course will then go through a fairly lengthy process, I'm sure, of determining which way he should go and which way Executive Council should go. Are there any other comments or questions at this point?

MR. BAXTER

I'd just like to make one comment Mr. Chairman. I had a few things that I would like to have said but they've all been said before with the exception of one and it's been intimated. But as an Albertan and as a person who plans to remain an Albertan and to raise my children as such, I think it's imperative that there is an opportunity for smaller businesses and local people to develop their businesses and be able to grow and expand along with Alberta.

MR. STEELE

Thank you for that comment. Do we have any more?

MRS. DECICCIO

May I just make a comment also.

MR. STEELE

Your name please first.

MRS. DECICCIO

I am Mrs. Martha DeCiccio. I'm a citizen of Fox Creek and also a shareholder in a local

based company, Marnevic Construction Limited. I want to thank the Government for the opportunity of giving the public a say in this hearing and I feel very strongly about the fact that you did come to Fox Creek as well as Whitecourt. Also for your foresight in the responsibility of seeing that secondary industries are important to communities. I feel that Fox Creek should share in the local resources that are surrounding it and for this reason I feel that one of the blocks should be designated to our local company here. Thank you.

MR. STEELE

Thank you very much. Another comment?

MR. STONE

Yes sir I'll be very brief. My name is Bob Stone, I'm a Planner with Peace River Regional Planning Commission in Grande Prairie.

One thing that concerned me with some of the questions that were made by the citizens of Fox Creek and I would like to direct a statement to them if I may. You were concerned about the waiting period before the decision was made so that you could start to plan. I would suggest that you're fortunate in that you have a waiting period. Planning is a process that does not start, is not predicated on the fact that an industry comes to town and then you plan. You should have some sort of guidelines set up before hand so that when such an opportunity does arise you're ready to swing into action at that point. I would suggest that you should undertake the studies that you are considering. It would be a good idea to start them whether an industry comes to Fox Creek or not. I'm also pleased to see the strong support given to the local company, I'm speaking for myself not the Planning Commission. It goes to prove a point that we made in one of our own research projects done last summer, the goals objective study which was released recently that there is very strong support for local development within not only this part of the region but the whole Peace River block. Thank you.

MR. STEELE

Thank you very much.

MR. THOMSON

Mr. Chairman I wonder if I might reply to some of those statements on behalf of the Town Council. I appreciate what he says in having time, however I think after the Industrial Development Board has made their proposal it will be quite apparent that we have put some planning into this. There is a limit however to how much planning you can put into it without having the assured fact that the development will proceed and that we will be involved in it. We're a Town of limited funds mainly because we have a limited population and we unfortunately haven't got large reserves that we can set aside for development purposes. We don't do any speculation, we have to be assured of some development before we proceed. This is what I meant by my comments this morning. In the event that there was an award made to one of the companies that has made a proposal for the development of the Fox Creek Lumber block, we would need a period of time in order to get things under way. Preferably it would be some time next spring, however we're presently running through a difficult situation in that the planning was left to a late stage, the development didn't proceed until sometime in the fall. I wish you gentlemen could attend some of our Council meetings as a result. Thank you.

MR. STEELE

Thank you very much Mr. Thomson. Now, do we have further comments? Mr. Herald?

MR. HERALD

Yes. I'm on Council too and I agree with Mr. Thomson, we are short of funds but seeing that Fox Creek Lumber is not taking a DREE grant maybe the Town should apply for that.

MR. STEELE

Thank you. Mr. Reed, you would like to comment?

MR. REED

This may or may not be of particular importance but for the record I would like to ask the Department of Forestry to make an accurate evaluation of the total number of job opportunities under each of the combinations of circumstances because I believe there was a statement made earlier that indicated job combinations between Whitecourt and Fox Creek, as separate operations or as one operation which I think was erroneous. According to the numbers, we may or may not have the right ones, but it looks like on the Phase One proposal that we have made, total employment is comparable to the total employment of the Levesque and Fox Creek Lumber operations combined and since this may also be my last opportunity I'd like to thank the citizens of Fox Creek for their hospitality, a very nice lunch and I'm sorry that our proposal affronted the people of Fox Creek, certainly there was no affront intended. Again it was our objective to try to make a proposal that was consistent with the high priority set forth in the prospectus put out by the Government. Thank you very much and I hope I see many of you again.

MR. STEELE

Thank you Mr. Reed. You can be assured that we'll do our best to evaluate all of the information that we have available from the proposals and the hearings and come up with as correct and absolute figures as we can.

MR. THOMSON

Mr. Chairman, I think since I made those statements, possibly I could answer to them. According to the summary that the Government has submitted, Simpson Timber would have 200 full-time jobs created in Whitecourt, 250 jobs created in logging and forestry, 150 of them being year round. Now I take that as a total of 350 jobs that would create permanent residence in one of the towns. With the Levesque proposal, they're suggesting 200 full-time jobs and 100 jobs created in the logging and forestry, 80 of them being full-time. Now this would be 280. If you take the roughly 180 to 190 jobs that would be created by either Fox Creek or the North Canadian proposal, I get a grand total of 465 jobs or roughly 115 jobs, permanent jobs, more than what Simpson is proposing.

MR. STEELE

Thank you very much. Do you wish to comment further, Mr. Reed? We realize there is a complication in that area. Now do we have further comments or questions?

I wish at this time to express my sincere appreciation to all of you for coming to these hearings. We've gained a great deal of information from them. I hope you feel that you're satisfied with the way they've been conducted and the opportunities presented to you to participate. I don't think we've attempted in any way to suppress any discussions or any comments you may wish to make and I hope you feel that way too. I think that we'll call on Mr. Palmer now to make his presentation and after that Dr. Warrack, perhaps you could wind things up. Mr. Palmer.

MR. PALMER

Well thank you Mr. Chairman, Honourable Dr. Warrack, Peter Trynchy. Our presentation today to the Provincial Government, we started working on it approximately 2½ months ago, was put together by seven local residents. I could name them I guess, Merv Zedderey who is a local business man in Town, Jerry Thomson, member of the Board of Administrators, Sharon Engert who is the School Trustee member from Fox Creek, Roy Holtet, businessman, Otto Ritter who is also a businessman and Maureen Kneller who is our Recording Secretary. So without any further ado, we shall get started. I might mention first that we are going to go through our presentation, point by point, and so that it doesn't get boring, we're going to rotate on different points.

A LITTLE TOWN THAT SHOULD – AND COULD IF WE GOT THE WOOD

The Fox Creek Industrial Development Board is pleased to present this brief to the Government of the Province of Alberta regarding the disposition of the Fox Creek timber block. We are asking that Fox Creek be given full consideration before such a decision is made.

The New Town of Fox Creek is a Town with a population of approximately 1500 people, situated between Valleyview and Whitecourt. Our population is primarily composed of people employed in the oil and gas industry or persons in supportive businesses. This dependence upon one industry leaves Fox Creek in an awkward position as far as long range developments are concerned. Diversification is imperative if Fox Creek is to develop as a total town.

The population figure of 1500 cannot support the variety of businesses necessary to let us become an independent entity reliant upon ourselves. If the companies interested in locating in Fox Creek are given the opportunity to do so, this would enable the Town to support more businesses, a complete school, Grades 1 to 12 and more and better recreation facilities. It would help ensure that 20 years from now Fox Creek will not become a ghost town. We realize that once a decision is made, it will be irreversible and the consequences applicable for many, many years to come. We feel we can offer the services needed and know that we need an industry such as this for our Town. We will anticipate a favourable decision knowing that the needs of our community will have been heard with sympathetic understanding by our Government.

HISTORY

Several years ago, Fox Creek was little more than a 'way station' on Highway 43, halfway between Whitecourt and Valleyview. There was a small forestry station and a small highway business section. Hunting and fishing were the area's largest resources, and deep in the woods several sawmills operated.

With the discovery of oil and gas, large companies built plants near Fox Creek, and with the plants came associated personnel. Slowly Fox Creek began to grow, then faster and faster – the Town Fathers were hard pressed to keep pace with the influx of 'New Towners.'

Today Fox Creek, a town with only forest for a neighbor, is still catching up to its tremendous leap in population but it manages to provide modern facilities to the more than 1500 people living here.

POPULATION TRENDS

And I'm going to attempt to explain a graph. Commencing in 1967 with the incorporation of the New Town of Fox Creek, we had roughly a population of 250. It went up to 621 in 68, on up to 876 in 69, 1253 in 70, 1356 in 71, 1514 in 72 and we've hit a stabilization period, we're roughly at that figure right now. Giving you a population development history, 1967 and 1968 was the Amoco Bigstone Gas Plant development; 1968 – 1970 – Hudson's Bay Oil and Gas, Kaybob Gas Plants 1 and 2; 1969 – 1971 – Chevron Kaybob Gas Plant No. 3; 1971 – 1972 – was a stabilization period as I mentioned. Now we're aware that natural gas is a depleting resource which is anticipated to be fully depleted between 1988 and 1998.

It is expected that there will be a sweet gas breakthrough resulting in reduced gas plant staff requirements before that time.

Gentlemen, 1973 on, do we expand, do we remain static, do we decline? The decision is yours.

EMPLOYMENT

At present, the majority of the population is employed in permanent jobs in the oil and gas industry. Temporary help has to be imported for the oil industry during summer

months and for the lumber industry during the winter months. If the proposed forest industry were to locate in Fox Creek, its seasonal lay-off could be utilized in gas plants for summer shutdown work, resulting in minimal unemployment. The business community, which now has a lack of potential employees, would have a greater work force from which to choose.

Independent industries — complementing one another through the use of a common labor force.

LAND USE

All land surrounding the town is controlled by the Department of Lands and Forests and is sold or leased at a nominal rate.

Residential lots are available within the town limits and can be purchased at a cost of \$15.00 per frontage foot, plus service charges. The attached Land Map indicates new areas being considered for future development, should the town realize a population increase.

A new Industrial Subdivision is in the development stages, and steps are being taken to provide additional Commercial property.

For further clarification I refer you to the map on Page 9 of the Fox Creek brief.

With all the new areas being ear-marked for expansion, all that is necessary now is for a new industry to locate here.

MR. STEELE

Would you mind if we pause for a second, we have to change tapes again.

TRANSPORTATION

Fox Creek is served by Highway 43, and an interconnecting road to Highway 16 is under development. The area is surrounded by a network of oil and gas service roads, some of which could possibly be used by a new industry. Greyhound Bus Lines operates seven scheduled trips daily from Fox Creek, and there is a local taxi service. A franchised trucking firm has a terminal here with other outlets in Edmonton and Edson.

A daylight airstrip with a gravelled surface and operated by the Department of Lands and Forests is located one mile east of town, but in an emergency situation a private airstrip located 30 miles south would be available for night landings. The gas and lumber industries south of town make use of a railway spur line which branches out from Whitecourt.

All these transportation outlets insure easy access for industry and residents, even though the town itself is situated in an isolated area.

NATURAL RESOURCES

Fox Creek has an abundance of natural resources. Some of these are primary resources for the present industry, and some provide recreational outlets for residents and tourists alike.

These natural resources are: oil, gas, lumber, fishing, hunting, and trapping.

SERVICES

Fox Creek has many of the modern services available in any urban community and I refer you to Pages 12 to 15 in the Fox Creek brief that outline these amenities.

We would be pleased to answer any questions you may have regarding these facilities. We do not pretend to have everything, but we are prepared to make an increase in population.

EDUCATION

As indicated by the services available in Fox Creek, we also have educational facilities which include a Nursery School, Play School, Elementary, Junior and Senior High Schools for Grades 1 through 11.

PARKS AND RECREATION

There is a community hall operated by the Town. This facility is constantly in use by the various clubs and organizations in Fox Creek. There are two ball diamonds used by adults and youth throughout the community. A newly completed arena will provide summer and winter recreation for Fox Creek residents. It was designed for maximum use and will accommodate skating, hockey, badminton, tennis and volleyball. The dressing rooms were built with outside doors to service the ball diamonds especially during baseball tournaments. There is a nine hole golf course presently under construction.

PARKS AND PLAYGROUNDS

There are two playgrounds presently under construction in town and the land has been set aside for two parks and two more playgrounds.

The school grounds are being developed to include two ball diamonds, football field, adventure playground and several open areas. This will serve the school during the day and will provide additional recreation space for the community after school hours.

There is a two sheet artificial ice curling rink for the curlers at Fox Creek. This curling club maintains ice and is a self supporting entity.

Fox Creek is fortunate to have two lakes within 8 miles of town. There are camping facilities which were built and are maintained by the Alberta Forest Service.

These varied recreational facilities, some completed and others in the development stage will provide the resources necessary for Fox Creek residents, present and future, to maximize the use of their leisure time.

TOURISM

Fox Creek is a member of the Game Country Tourist Association. Until recently there has been little tourist promotion by Fox Creek, and most of the visitors have heard through word of mouth of the tremendous hunting and fishing in the area. As Fox Creek is on the direct route to the Alaska Highway, tourists quite often stop for gas and supplies. At present, there are 66 hotel and motel rooms available for tourists in Fox Creek, and two campgrounds within 8 miles of town have a total of 52 camping units.

On to you Chet.

Thank you Huntley.

LOCAL GOVERNMENT

This area was incorporated as the New Town of Fox Creek on July 19, 1967. Since then, three municipal elections have been held and the latest one in October, 1971, saw six men assume positions on the Board of Administrators. The seventh member is an appointed representative of the Department of Municipal Affairs. Council meetings are held twice each month.

The Secretary-Manager, hired by the Board of Administrators, carries on the business of the Town with the help of an office staff and a Public Works Department.

Five groups are responsible for specific areas under Town jurisdiction — the Fire Department, the Ambulance Brigade, Recreation and Cultural Development Board, Industrial Development Board and the Library Board. The Town Council approves appointments on the last three Boards and ratifies their recommendations. A local resident is also appointed to the Whitecourt Hospital Board as a representative of Fox Creek in the Whitecourt Hospital District.

With the sudden increase in population between 1969 and 1972, the Board of Administrators has undertaken numerous projects requiring large expenditures. Among the most recent developments to expand and improve Town facilities are the following:

1. Extensive residential and commercial paving program
2. New sewage lagoon
3. Artificial ice arena

4. R.C.M.P. detachment and residence
5. Medical centre and residence
6. Mobile home subdivision extension
7. Residential subdivision extension
8. Industrial subdivision extension
9. Two additional water wells

Projects designated for future consideration involve the upgrading of the commercial service road, paving Kaybob Drive (the main thoroughfare through the Town), and expanding Town administration facilities.

The monetary picture for the New Town of Fox Creek can be readily seen in the attached Financial Statement. I would like to comment that the mill rate in our Town at the present time is 70 mills and without having reviewed this year's budget we feel that we'll be able to hold that mill rate.

The Board of Administrators and affiliated personnel have been kept very active in endeavoring to meet the demands of the community. Every effort is now being made to insure that adequate facilities will be available to accommodate a marked increase in population. All towns need expansion and new industry to survive — Fox Creek is no exception.

I think at this time we would like to thank the people who have sent in letters of support to the forest products industry locating in or near Fox Creek and we would also like to thank Mr. Gary Fuerst of Associated Engineers who has prepared Appendix A for our brief and also Alex Kozeluk, the Superintendent of Schools, East Smoky School Division who has prepared Appendix B. I would also like to thank John Schiller for his audio visual presentation which you will see very shortly. It is also a part of our brief and I guess with that I will let Sharon have the last word.

MRS. ENGERT

Thank you. Gentlemen, the decision is yours. The state of our community rests in your hands. We feel that Fox Creek has shown itself capable of coping with an increase in population and we know our needs for this new industry. The residents of Fox Creek look forward to the further expansion and development of the Town and we feel that an industry based on our most visible resource — lumber — would be most fitting. The social and economic problems created by a one industry town — example — Grande Cache, are many. We would like to see our Town prosper and grow, bringing with the expansion many of the amenities not now available.

Business men and civic leaders would like to see Fox Creek diversify so that should the oil and gas industry deplete as expected, the Town would have another industry to fall back on, thus insuring the continuance of our Town. Gentlemen our need is great. Our community strongly supports any application that will result in expansion for Fox Creek. Please give us a positive reply so that together we may both grow stronger. Thank you.

Without further ado I would like to turn the proceedings over to John Schiller. John, a former resident of Fox Creek and a frequent visitor to our Town has prepared something that we cannot say in words and I hope that you will appreciate the effort that he has gone into on behalf of the Town.

The Fox Creek brief and this audio visual presentation are amateur efforts but we hope that the Government realizes that it is a strong people support for new industry in Fox Creek. John?

MR. PALMER

Mr. Chairman, Ladies and Gentlemen, that was the end of the Fox Creek Industrial Board brief. Thank you.

MR. JAMES

I really wanted to get up close to this pulpit after 27 years in the lumber business.

My name is Dave James. I am the Vice-President, Public Affairs of the Simpson Timber Company. I have audited the hearings in Whitecourt yesterday and at Fox Creek today with tremendous interest in the proceedings. I have followed many hearings in my years with our Company and I want to say to you Dr. Warrack and to you Chairman, Bob Steele, I have never heard a better conduct of meetings anywhere, U.S. or Canada, and I want to congratulate you as Government and you as citizens of the two communities on this. Now I feel that I should observe a very gracious Canadian custom. Ordinarily I noticed that after a speech is made, someone stands up and thanks the speaker. In this instance on behalf of the five companies who benefited by the opportunity to be with you for two days, to explain what they would do here, if given the opportunity, I want to tell you that we appreciate this. The hearings have been completely fair and honest and honorable. I know that those who achieve the awards will of course feel good about it and those who do not achieve the awards will be gracious in realizing they had every opportunity to tell their story. Thank you very much.

DR. WARRACK

The last gentlemen couldn't wait to get behind the pulpit and I'm afraid to.

I just wanted to conclude by, on behalf of the Government itself, again on behalf I have no doubt of the companies that have presented their proposals yesterday and today, and particularly today to you of Fox Creek and to you as their representative, Mr. Mayor, to say thank you very much for having us, for your hospitality and thank you ladies for a delightful lunch and particularly from all of us for a most warm reception that I can tell you will be memorable. Thank you.

MR. TRYNCHY

Thank you Dr. Warrack. Standing up here reminds me of the words of Caesar when he entered Cleopatra's tent when he said 'I didn't come here to talk.' I too didn't come here to talk but I'd like to say that I'm very pleased to be here and I'm very pleased to have been at Whitecourt and I want to thank every one of you, Whitecourt and Fox Creek, for the participation you have taken in this hearing. I want to say that when the decision is made and if it's the right decision, you'll all praise the Government and I'm sure if it's not, you'll take it out on me. Once again thank you all for the hospitality, the warm reception, the entry into Town. I told the doctor, my honorable colleague here, when we came into Town that it was the first time we've had a reception like this. I'm sure it wasn't for me, it was for him but maybe the next time I come you can show the same hospitality and we'll really appreciate it. Thank you very much.

MR. STEELE

Thank you everyone very, very much. This is the end of the hearings, and I hope everything turns out well for everybody. Thanks again.

COMMENTARY ACCOMPANYING FILM PRESENTATION

Once upon a time, there was a long empty road, reaching out into the wilderness. Somewhere along this road, huddled a small cluster of buildings, which struggled for the right to be called a Town. It searched for a name and because of its closeness to Iosegun Lake, this became the address of the few people who lived there. Two service stations had been built and to keep them company, a small general store had been erected. This little store was proud of the services it provided. Not only did it sell food and clothing and all kinds of articles, ranging from hat pins to washing machines, it also acted as a post office and a place where you could get fishing licenses. It stayed open long hours and sometimes became very tired. But other things happened to make life interesting. Two portable classrooms were hauled in to provide a school for the few children in this settlement. Even a forest ranger came to check on the local inhabitants, just to see that the forest was being cared for. Then suddenly, the forest ranger's work became far more difficult, for it was found that far below this small town, a vast sea of oil and gas lay waiting to be used. The quiet of the forest was shattered as construction crews worked around the clock, digging, probing, building.

Within a short space of time an industrial complex was carved out of the forest. Of course all this meant more human beings and the little store and service stations watched in amazement but with some apprehension as the new buildings suddenly appeared next to them.

At first, this store was jealous of these new buildings, but it soon realized that it couldn't provide everything for all the human beings who now seemed to be rushing everywhere. It was glad that a full sized post office now took care of the thousands of letters and parcels which suddenly appeared. The little store was hurt though, by the change in name of the Town and the words Fox Creek Administration Building which appeared on the bright new office building at the top of the hill. Long aluminum boxes were the main type of homes for the human beings as their new houses and apartments were being constructed.

A new school had to be built for the many new smaller human beings who were amazed by the bright colors, the shining new machines and the carpet which they were even allowed to lie on, but not everyone was happy. The construction, the makeshift arrangements, and most of all the mud, made the human beings work harder to improve their new town.

Work bees and walk-a-thons helped to raise money to provide things like a curling rink, an outdoor skating rink, a playground, a library and a number of other recreational facilities. Some of the amenities, however, added a little extra excitement for the very ordinary and necessary activities of these humans. The old school room, which had seen many exciting Halloween dances and wild New Year's Eve balls, had to be moved so it wouldn't mar the beauty of the new community hall. People also found that it was not really necessary to rely solely on man made facilities as there were many other things to do.

Then, suddenly, excitement riffled through the small community. More gas had been found 30 miles south of the Town. An even larger plant was built and more humans flocked to the area. The school could now be enlarged so that the middle sized human beings would not have to travel on the 55 mile bus journey to the Junior and Senior high schools in Valleyview.

A liquor store now added variety to the way in which the humans could get headaches. Many wondered if there was a connection with the iron bars being put on the new R.C.M.P. station. The outdoor ice rink could now be replaced by a large arena so that winter sports could take place in comfort. A local newsletter informed everyone of the local events. A number of service clubs, a drama society and even a Jazz Ballet group appeared on the scene.

A church was built as more and more homes were added to the small town. These extra homes meant that the streets could now be paved in the older section of town and at last the humans realized that theirs was a fully fledged community.

The signs that now appeared on the street corners confirmed the humans hopes that they would not miss out on any of the advantages of urban living.

Downtown, the little store suddenly felt its age as even more stores were built. It was saddened by all of this activity as it realized its days were numbered. The removal of its front porch showed the inevitability of what was soon to happen as the supermarket grew larger and larger next door. Although the little store was sad it knew that it really didn't have a place in this growing community and it hoped that retirement would be just as enjoyable as its working days had been.

Now that the small town had most of the outward appearances of a regular town, there was still some nagging doubts at the back of many peoples' minds. The maps in the Town Office showed that the Town had already outgrown the initial plan stage and was well on the way to the enlarged development which everyone knew could be possible. Should the Town try to attract more industries? Was it healthy for the community to have all its eggs in just one large basket? For many years, the humans have worked hard for the many services the Town now had to offer but were there enough human beings to pay for the support of these services? Would the future be just as kind as the past had been?

